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Central American Presidents Call For Respect for Serrano

PA0206143993 Paris AFP in Spanish 1400 GMT 2 Jan 93

[Text] San Salvador, 2 Jun (AFP)—On 2 June, the presidents of El Salvador, Costa Rica, Honduras, Nicaragua, and Panama demanded that the new Guatemalan authorities "respect the individual guarantees" of ousted President Jorge Serrano, his relatives, and collaborators.

After a meeting that concluded in San Salvador on the evening of 1 June, the presidents issued a brief document expressing "their interest for the events that occurred in the sister nation, in the sense that they could become a way to return to constitutionality." They also "especially" asked the authorities "for respect for the individual guarantees of all Guatemalans, particularly those of Jorge Serrano, Vice President Gustavo Espina, their relatives, and collaborators."

Without expressing recognition of the new Guatemalan Government, the Central American presidents added that "they expect that the procedures used" by the new rulers "will remain within the Constitution, until full institutional normality is attained."

Serrano staged a self-coup on 25 May when he disavowed Congress and the Supreme Court. However, on 1 June, the Army announced that "it had assumed responsibility for maintaining the constitutional order in full effect," disregarding the president's authority.

Meanwhile, according to media sources, the Supreme Electoral Tribunal (TSE) "will purge" the Guatemalan Congress before it proceeds to choose a new substitute for Serrano Elias. Oscar Marroquin, director of LA HORA, and Jose Ruben Zamora, director of SIGLO VEINTIUNO—the two press delegates who participated in the negotiations that took place on the afternoon of 1 June between representatives of the civilian sector and the top military command—confirmed to AFP that there had been a "political agreement to return to constitutionality." According to these sources, between 25 and 36 deputies, suspected of involvement in acts of corruption, could be dismissed from Congress, although the procedure for their dismissal has not been explained.

Meanwhile, the names that are being mentioned as replacements for Serrano include TSE President Arturo Herbruger, former Foreign Minister Fernando Andrade, and former Constitutional Court President Jorge Mario Garcia La Guardia.

Presidents Warn Guatemala on Constitution Moves

PA0206211993 Panama City ACAN in Spanish 1930 GMT 2 Jun 93

[Text] San Jose, 2 Jun (ACAN-EFE)—Costa Rican President Rafael Calderon stated on 2 June that the Central American presidents will call the OAS if Guatemala does not comply with its constitutional deadline to return to the democratic road. Upon his return from El Salvador, where he met with other Central American presidents on 1 June, Calderon asserted that the Guatemalan Constitution gives the Constitutional Court 120 hours to appoint a replacement for deposed President Jorge Serrano. Calderon said the governments in the area "will continue to search for a democratic, constitutional, and institutional regime to be restored" in Guatemala, in the deadline stipulated by the laws of that country. He added that in El Salvador on 1 June, representatives of Guatemalan political, business, and military sectors and other social organizations made a firm commitment to return to constitutional order. The president said he was satisfied with the results of the joint negotiations with the regional governments and how they had quickly and unanimously reacted to defend the democratic system. Regarding the presidential summit, which is scheduled for mid-June in Guatemala, Calderon said that if the Guatemalan internal situation returns to normalcy, he will attend the summit and that other presidents will probably do the same. "Democracy in the area will become stronger if this ends as expected, with a constitutional solution," he added. The 1 June meeting in El Salvador was attended by Honduran President Rafael Callejas, Salvadoran President Alfredo Cristiani, Costa Rican President Rafael Calderon, Nicaraguan President Violeta Chamorro, and Panamanian Vice President Guillermo Ford. The regional presidents regretted but never condemned the road taken by former President Serrano's government. Calderon added that Costa Rica had offered asylum to the Guatemalan politician and reported that the Central American presidents had interceded for the personal security of Serrano and his family.

* Integration Focus of Colombian-Venezuelan Forum

93SM0253A Santa Fe de Bogota EL TIEMPO in Spanish 20 Apr 93 p 12A

[Text] *A group of 300 business owners from Colombia and Venezuela debated with government officials on the progress of the commercial exchange program. There is concern among industrialists over the trade agreements with third countries.*

The success accrued by the negotiations being conducted by the two governments to deregulate trade with third countries will depend on the harmony achieved between Colombia and Venezuela concerning exchange, tariff, and fiscal policies.

That is the conclusion reached yesterday by business owners and economic cabinet representatives from the two countries, at the forum organized by the newspapers EL TIEMPO, and EL NACIONAL of Caracas, held at the Bogota Convention Center.

The conference was attended by over 300 businessmen from both countries, who had the opportunity to debate with panelists on the obstacles to, and the extent of, the integration process.

The participants agreed in asserting that, in order to lend lasting support to the commercial accords in effect since last year, which have vitalized the binational exchange, the governments must harmonize their macroeconomic policies.

One of the private sector's greatest concerns relates to the volatility of the exchange rate which, if not controlled, could destroy the integration process.

The Venezuelan finance minister, Pedro Rosas Bravo, declared that his country would maintain control over the exchange rate as it has during recent months, because it deems it necessary to ensure the competitiveness of its exports to the subregion. The increased devaluation that has occurred in the neighboring country is explained partly by a higher level in the cost of living.

The president of the Banking Association of Colombia, Cesar Gonzalez, called upon the governments to establish concrete commitments regarding the exchange rate. He also urged them to realize that the behavior of the latter does not depend as much on international reserves and the trade balance as it does on fiscal discipline.

The vice-chairman of the Venezuelan Banking Council, Juan Santaella, remarked that it is essential to unify policies in the areas of finance, labor, and industrial property if success in investments is desired.

He explained that, in Venezuela, the foreign investment system is less flexible than in Colombia, and that the labor legislation is still very paternalistic.

He proposed a freeze on the border dispute problem, so as to benefit from the integration without that "political irritant."

The industrial sector had serious misgivings about the governments' negotiating "euphoria," jumping from one deregulation process to another, without gauging the consequences that these decisions could have for Colombian-Venezuelan production.

This concern was expressed by the president of the National Association of Industrialists (ANDI), Carlos Arturo Angel. He warned of the dangers involved if Colombia and Venezuela assume different tariff commitments in the negotiations held with Chile, Mexico, and the Central American and Caribbean countries.

He commented: "The lack of a common position toward third countries is so risky that, without it, the scope of Colombian-Venezuelan integration could hardly withstand the mere exchange of goods. Rather, it would put an end to any intention to harmonize policies, such as a possible improvement in the common external tariff."

Angel explained that, given the circumstances of their proximity, bilateral trade is highly sensitive. He said that if there is no tariff and exchange harmony, the instability appearing in border zones as a result of economic fluctuations in one country or the other would spread throughout the entire territory.

He stressed that a free trade zone cannot be maintained without an agreement on tariffs for agricultural-livestock products, because the absence of it could put an end to agroindustry.

Angel warned of the importance of harmonizing tax systems, because the 14 percent value added tax (VAT) that must be paid on Venezuelan products at the time of inward customs clearance fosters smuggling.

He reiterated the ANDI's support for the integration process, but noted: "If we want to take advantage of free trade, we must accompany it with agreement in the tariff, fiscal, exchange, transportation, and border integration areas, and with respect to commitments with third countries. Otherwise, we accept its stagnation."

The Colombian foreign trade vice minister, Juan Jose Echavarria, in turn, remarked that it is important for Colombia and Venezuela to negotiate free trade treaties with third countries jointly, even if there is not a single position on all the points discussed.

He indicated that appearing together makes it possible to progress more rapidly in the negotiations, and improves the two countries' position toward third parties.

Industrial Policy

The president of Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry], ANDI's counterpart association in Venezuela, Freddy Rojas, observed that it is vital to devise a joint industrial policy making it possible to benefit from each country's advantages. Thus, the raw materials produced on one side of the border could be processed on the other.

He charged that there has been no long-term strategic planning for this purpose on the part of the two governments.

Like Angel, he questioned the fact that Venezuela has concluded integration accords with various Latin American and Caribbean countries within just three years.

He requested that, in the negotiations with third countries, greater participation be given to the private sector, during and after the signing of the accords.

He emphasized that, in these processes, timetables should be agreed upon for tariff exemption that will not sacrifice or eliminate Colombian-Venezuelan production. He added that there should be a joint construction of the scenario for integration, with a long-term view.

Joint Projects

The Venezuelan finance minister, Pedro Rosas Bravo, indicated that the conditions are present for business owners and state agencies of both countries to gain access to the Colombian and Venezuelan capital markets. He pledged that he would promote this initiative.

He also stressed the opportunity being opened up for Colombian investors as a result of the privatization of business firms in Venezuela.

In this connection, he announced that, by the middle of the year, three companies in the electric sector would go on sale, namely: Electric Power of Venezuela (Enelven), Eastern Coast Power (Enelco), and Electric Power of Barquisimeto (Ebelbar).

Colombia's development minister, Luis Alberto Moreno, indicated that the two countries could undertake joint projects in the areas of infrastructure, communications, and tourism. In connection with the latter, he pointed out that tourist itineraries could be devised including both countries, such as "the Liberator's Route."

EL TIEMPO's assistant editor, Enrique Santos Calderon, for his part, with EL NACIONAL's editor, Alfredo Pena, both moderators at the forum, underscored the importance of the news media as part of the integration process.

[Box 1, p 12A]

Venezuela: Competitive Exchange Rate

Yesterday, the Venezuelan finance minister, Pedro Rosas Bravo, answered the question that Colombian businessmen wanted him to answer. What kind of handling will the Venezuelan Government give to the exchange rate during the next few years?

"Venezuela will continue with its policy of maintaining a competitive type of exchange rate that will offset the inflationary differences with Colombia. We must retain our competitiveness in subregional trade."

Although Rosas did not say so explicitly, he insinuated that his country's government would continue devaluating insofar as it is necessary.

The official spoke clearly about the concerns still burdening business owners in both nations.

For example, he claimed not to favor accelerating the establishment of a single binational currency because, in his view, fiscal discipline must first be created in the two countries. Later, consideration could, in fact, be given to monetary unity.

"There is no need for us to harmonize exchange policies, or even to unify the currency. I believe that what we should do is have less fiscal autonomy in each country."

As for the determination and stability of the ground rules for the integration process, Rosas remarked that they could not be determined based on the system of leaving everything in writing. "It is the business owners who should devise the manner in which trade relations between the two nations are to be carried out."

The Venezuelan official asserted that there is free exchange in his country, whereas progress is being made toward that goal in Colombia.

The minister admitted the existence of problems in the operation of customs, but claimed that this process has been improving. "I think that the system using the single form is being implemented at present."

Rosas Bravo mentioned the possibility of the banks' being able to grant loans in pesos in Venezuela. He maintained that this type of operation can be conducted now, but noted that each banking agency must devise the method for doing so.

The Venezuelan finance minister also remarked that his country does not preclude the possibility of selling a new package of bonds in Colombia. "If we did well with the first issue, it means that we could look for a second opportunity."

[Box 2, p 12A]

Venezuelan Industry "Takes Over" Colombia

Since yesterday, Venezuelan business owners have "taken over" the nation's capital, with an industrial exhibition, including displays ranging from metal-working products to toy shops.

The meeting place is at "Expo-Venezuela 93," at the Gonzalo Jimenez de Quesada Convention Center. There, the neighboring country's leading industrial and service companies are exhibiting the best of their production until next Thursday.

Attending the opening of the exhibition, among others, were the Colombian foreign minister, Nohemi Sanin de Rubio; the minister of economic development, Luis Alberto Moreno; the vice minister of foreign trade, Juan Jose Echavarria; the Venezuelan ambassador to Colombia, German Carrera Damas; and Colombia's ambassador to the neighboring country, Rodrigo Pardo.

Present on behalf of Venezuela were the finance minister, Pedro Rosas Bravo, and the minister of development, Frank de Armas.

Over 100 exhibitors are participating in the industrial display, representing the petrochemical, iron and steel, metal-working, manufacturing, chemical, textile, tourism, and financial sectors, among others.

The Expo Venezuela opening ceremony was attended by over 400 business owners who, from the outset, took advantage of the occasion to establish contacts with their Venezuelan counterparts.

[Box 3, p 12A]

We Shall Negotiate United: Development Minister

All the trade negotiations conducted by Venezuela and Colombia with third parties will be carried out with unified positions. In other words, the two nations will appear as a single country.

This statement was made by the Venezuelan development minister, Frank de Armas, who claimed that this has been and will continue to be the method for negotiating with Mexico, the United States, Central America, and the Caribbean.

"The mutual approval of policies will be a feature of the trade integration processes. For example, in the automotive industry, the deciding factor is the premise that the incorporation of parts will be subregional."

Although he admitted problems with the common external tariff, he claimed that, in both that area and in the metallurgical and metal-working sector, "we have progressed considerably. So much so that, next Sunday, we shall sign an agreement establishing the Colombian-Venezuelan binational business committee in those two industries."

He declared that the countries are marching together, and that the differences that still persist are being corrected along the way.

De Armas announced that, within the next few days, in the Caracas and Bogota stock exchanges, the shares of stock held by the two countries in Monomeros Colombo-Venezolanos will be offered for sale. The idea is to give the private sector in both countries the opportunity to purchase that company.

When asked about the unified position that Colombia and Venezuela will take to the negotiations with Mexico, De Armas said this would be done according to sectors, depending on the level of asymmetry.

Cuba

Castro Expresses Optimism Over U.S. Relations

PA0206203093 Mexico City NOTIMEX in Spanish 1908 GMT 2 Jun 93

[Text] Havana, 2 Jun (NOTIMEX)—Cuban President Fidel Castro voiced optimism today about future relations with Washington and said the Clinton administration has maintained a "decent" policy on the Cuban situation. During a meeting held in the early morning hours with Mexico's "This Goes for Cuba" solidarity delegation, Castro said the Clinton administration has not been characterized by the aggressive tone of his predecessor George Bush. He noted that one of the most important signals of the new U.S. Administration is that it is maintaining a "decent reaction" to the recent optic neuritis epidemic by not blocking the flow of U.S. medicines and experts to the island. Castro proposed that the members of this delegation encourage the U.S. currents favorable to ending the blockade to remember the experience of Vietnam, where the U.S. peace movement played a key role in stopping official policy. "They are hurt more by domestic public opinion," he added and hailed the work by the U.S. ecumenical organization "Pastors for Peace" and an upcoming campaign to defy legal restrictions banning tourism to Cuba. The meeting between Castro and the Mexican delegation lasted over two hours, ending at 0245 [as received]. Castro took advantage of this meeting to ask questions of the delegation members.

Although visibly tired, the Cuban head of state listened attentively to the statements by the members of the Mexican group, advising him on "prudence" in his stance on the U.S. presence in Guantanamo. Castro, who is also the first secretary of the Communist Party of Cuba, talked with the delegation about the domestic situation in the United States and the new outlook for Havana after William Clinton became President of that country. Castro asked a series of questions about the role of assembly plants in Mexico, migration flows, and social problems along Mexico's northern border, chiefly in light of the signing of the North American Free Trade Agreement, as well as about the problems of Mexico City. The group leader, Raul Torres, handed Castro a report outlining the group's activities for this year. The meeting ended at 0245 because the Mexicans had to leave for the Jose Marti International Airport to take a flight back to Mexico. This is the second time the Cuban leader has met with the "This Goes for Cuba" group, which promotes solidarity with Cuba.

DPRK Ambassador Denounces Plutonium Sale to S. Korea

FL0206185293 Havana Radio Rebelde Network in Spanish GMT 93

[Text] During a news conference on 2 June, Mr. Kim Song-yong, DPRK Ambassador to Cuba, denounced the sale of large quantities of plutonium to South Korea by Eastern European countries. This act is rejected by the Korean people and by all lovers of world peace. The diplomat highlighted a statement by the DPRK Ministry of Foreign Relations spokesman which advises that between 1975 and 1992, Great Britain and France have exported large quantities of plutonium to Japan and that they plan to establish an office in South Korea to sell plutonium, which threatens the peace in Asia.

[Begin Kim Song-yong recording in Korean with simultaneous translation into Spanish] These events clearly show that even though they claim to be working for the nonproliferation of nuclear weapons with their many pretexts, in reality they are proliferating many nuclear weapons in our part of the world. [end recording]

These were statements made by Kim Song-yong, DPRK Ambassador to Cuba.

North Korean Ambassador Announces Aid

PA0206151993 Havana Radio Havana Cuba in Spanish 0100 GMT 2 Jun 93

[Text] North Korean Ambassador to Cuba Kim Song-yong has stated that his country plans to donate 13,000 tons of diverse material aid to Cuba as a contribution to the international campaign of solidarity with Cuba.

In statements to the media in Havana, the diplomat stated that the shipment that will arrive in Cuba in August includes mechanical parts and equipment for sugar mills and for the hydroelectric plant on the Toa river in the eastern part of the country. He said it will also include corn starch and galvanized zinc sheets for roofs.

Kim Song-yong also made reference to the current situation in the Korean peninsula at a time when some Western nations are encouraging the nuclear rearmament of countries such as Japan and South Korea with the resulting danger it entails for the area.

Vietnamese Aid Received at Official Welcoming Ceremony

FL3105021593

[Editorial Report] Havana Radio Rebelde Network in Spanish at 1900 GMT on 29 May carries, live, a 41-minute ceremony at Guillermon Moncada Port in Santiago de Cuba welcoming the ship (Carillo), which brought a Vietnamese donation of aid to Cuba.

Vietnamese Ambassador Le Duc Anh and Esteban Lazo Hernandez, vice president of the Council of State, Politburo member, and first secretary of the Santiago de Cuba Provincial Committee of the Communist Party of Cuba [PCC], mount the speakers' platform. Reynaldo Endis Endis, president of the Santiago de Cuba Provincial Assembly of the People's Government; Melba Hernandez, member of the PCC's Central Committee; and Sergio Corrieri, president of the Cuban Institute of

Friendship With Peoples, ICAP, are on the platform with numerous Vietnamese officials.

Ambassador Le Duc Anh, in Spanish, announces the arrival of the vessel and its cargo. He notes the "solid, constant, and multifaceted development" of bilateral ties under the leadership of the Cuban and Vietnamese Communist Parties.

Recalling Cuban support for and solidarity with Vietnam in the past, the ambassador says: "We will always remember with deep emotion that exactly 20 years ago, in the middle of a war, Comrade Fidel Castro was the only foreign head of state to visit the areas controlled by the guerrilla forces of South Vietnam. Also indelibly etched in our hearts is the image of the Cuban physicians, sailors, and builders who worked in Vietnam with love and dedication."

The ambassador adds that the Vietnamese consider the Cuban people's revolutionary cause as their own, rejoicing in each Cuban success and worrying about every Cuban problem. The 11,000 tons of rice they have sent represent 11,000 tons of love and solidarity for the Cuban people. He assures Cubans that they can count on the Vietnamese.

At 1920 GMT, Melba Hernandez responds to the ambassador, expressing Cuba's admiration and affection for Vietnam and the Vietnamese.

At 1925 GMT, Esteban Lazo begins speaking by noting the symbolic significance of welcoming the ship to Santiago de Cuba, cradle of the Revolution. He notes that the Vietnamese donation shows Cuba that it is not alone as it faces one of the most difficult moments of its existence.

Lazo says: "Here you have it, comrades, at a moment when our enemies insist that we are mistaken; when some people hesitate, and a few falter; here is fervent proof of the rightness of our ideas, of the rightness of the path we have trod with Fidel throughout these years and of the life experiences that have led us to feel, in the deepest part of our being, the problems of other peoples, and that have taught us to think like and to be internationalists."

Lazo notes that Cuba and Vietnam are indissolulably linked by ties of friendship and militant solidarity: "Those words pronounced by Commander in Chief Fidel, at an extremely difficult time for the nation, that 'we are willing to give even our blood for Vietnam,' were not just a slogan."

Lazo expresses Cuba's appreciation for the aid. While they deeply appreciate such help, he says, Cubans are well aware that it is up to them to carry out the greater part of what must be done to survive the current situation. He notes that gestures such as these motivate Cubans to continue the struggle Cuba is waging not for itself alone but for all the oppressed peoples of the world, who are encouraged by examples such as those of Cuba and Vietnam. Lazo concludes by stressing that Cuba will not fail the oppressed peoples of the world.

Castro Thanks Envoy for 'Noble Gesture'

FL0106144593 Havana Radio Progreso Network in Spanish 1100 GMT 1 Jun 93

[Text] On the evening of 31 May, President Fidel Castro visited the embassy of the Socialist Republic of Vietnam in Havana to personally express gratitude on behalf of the Cuban people for what he called the noble gesture of the Vietnamese brothers: the 11,136 tons of rice donated to Cuba.

In a fraternal conversation with Ambassador Le Duc Anh and other officials of that diplomatic quarter, the head of the Revolution said that it had been a magnificent and marvelous gesture on the part of the Vietnamese people. Fidel added that the rice sent from Vietnam had arrived at an opportune time for our country and that it was of great symbolism that the ship that carried the donation to the Cuban coasts had landed in Santiago de Cuba, a city that is symbolic as the cradle of the Cuban Revolution.

On the other hand, Ambassador Le Duc Anh spoke of the strong solidarity expressed by Cuba with the struggle of the Vietnamese people throughout the years, as well as Cuban cooperation in such areas, among others, as the sugar industry, construction, and the formation of cadres. He added that the donation was the result of a true popular outcry in which all sectors of Vietnamese society are represented.

The Vietnamese ambassador added: The Vietnamese people will always remember the historic phrase of comrade Fidel that the Cuban people were willing to give their own blood if necessary for Vietnam. To this, Fidel responded: That is the way we have always felt and that is the way we feel today.

Le Duc Anh expressed to Fidel fraternal greetings from the highest leaders of his country, President Le Duc Anh and Prime Minister Vo Van Kiet, and said that the Vietnamese people will sand by to their Cuban brothers under any circumstance.

Minrex Officials on Human Rights World Conference

FL0206175693

[Editorial Report] Havana Cuba Vision Network in Spanish at 0100 GMT on 2 June carries live its "Open Agenda" program with host Antonio Resillez and guests Juana Silvera, subdirector of the multilateral issues department of the Ministry of Foreign Relations [Minrex]; and Rene Mojica, first adviser to the minister of Foreign Relations in charge of the United States and multilateral issues.

Resillez begins the program by explaining that Cuba will participate in the World Human Rights Conference. He

adds that Cuba will be represented by a state delegation and by Cuban nongovernmental organizations. The state delegation will be headed by Cuban Foreign Minister Roberto Robaina and will include Silvera and Mojica among other specialists.

Silvera notes that the conference is scheduled for 14-25 June in Vienna, Austria. She adds that since the United Nations sponsors the conference, more than 150 countries may participate in the conference. Silvera points out that the UN Human Rights Commission is headquartered in Geneva, Switzerland, and that it discusses specific cases of flagrant human rights violations. She goes on to say that the conference, on the other hand, will not discuss specific situations, which is one of the main differences. Silvera adds that another difference is that this conference is a world conference, which is not the case in the UN Human Rights Commission.

Mojica notes that the Cuban people have been advised of the way the human rights issue has been used by Cuban enemies in the UN Human Rights Commission. He adds that it is unknown whether any attacks on this topic will be launched against Cuba during the conference. Mojica notes that in any case, that is not the purpose of the conference. He goes on to say that the issue of enemies using human rights as a political weapon to discredit the social accomplishments of the Cuban people may be discussed in the conference. Mojica adds that they do not think this will be presented unless it is presented in the context of the manipulations to which this issue lends itself. He continues by saying that he does not foresee any changes in the Cuban position if it is brought up in the conference by adversaries of Cuba.

Resillez mentions a document on human rights issued by the foreign affairs commission of the U.S. Senate dated February 1993, which lists a large number of countries and the human rights that are listed in each of those countries. Resillez adds that it is curious to note that the United States does not appear on the long list of countries.

Resillez asks Mojica what will characterize the action taken by Cuba during the conference. Mojica points out the various positions between Third World countries and developed countries that will be presented during the conference. Mojica goes on to say that in the past decade the human rights issue has become an object of political manipulation. He adds that in the conference they will be able to see two different positions: The first will focus on ways to promote human rights with a real concern with improving conditions for all human beings; the second is the manipulation of the human rights issue with a determined political objective by the most powerful countries in relation to the rest of the world. Mojica adds that since the crumbling of the socialist bloc and the former Soviet Union, these powerful countries try to justify their intervention policy to the rest of the world.

Silvera notes the differences between the North and South. At the moment the United Nations discusses the issue of limited sovereignty and humanitarian assistance. She points out that they are also considering the creation of a high commission to oversee the issues related to flagrant and massive violations of human rights. She goes on to say that the United States tries to create a link between that commission and the security council.

Mojica points out that this issue has some implications that violate the principle of nonintervention in the domestic affairs of the states, and allows many countries to use the human rights issue as a tool for intervention, which limits the sovereignty of the nations.

After presenting a video interview with Juan Antonio Blanco, director of the Felix Varela Center, Mojica goes on to say that the Cuban delegation hopes that the international community turns towards true cooperation to overcome the flagrant and massive violation of human rights that have come about from the intervention in domestic affairs of the countries, the use of protectionist measures, and the use of cohesive measures for political purposes such as the economic, trade, and financial blockade imposed on Cuba by the United States that will be brought up during the conference. Mojica adds that the delegation will defend the interests and positions on human rights, which are defended by Third World countries. Silvera adds that the delegation also hopes that the final document is an expression of the Third World countries and that it is in agreement with the UN Charter.

Mojica ends by saying that the Minrex gives great importance to this topic and that, before the delegation goes to Vienna, Foreign Minister Roberto Robaina might hold a news conference on this topic.

Robaina Meets With Mexican Solidarity Group

FL0206012993 Havana Radio Rebelde Network in Spanish 2300 GMT 1 Jun 93

[Text] Today, members of the Mexican promotional group, Va Por Cuba, met with Cuban Foreign Minister Roberto Robaina Gonzalez. In a very informal conversation, Robaina expressed thanks for everything that Mexicans do for Cuba. He affirmed that there is no doubt that their constancy is another [word indistinct], as well as many other things, to the U.S. blockade against Cuba. For us, what you bring is not exactly fuel. What comes in your boats and ships is something as important as oil, your friendship and your recognition of the Cuban people.

The Cuban foreign minister answered many of the Mexican friends' questions and concerns, which dealt with issues from the real possibilities of foreign capital investments in Cuba, Latin American integration, and the U.S. blockade, to the Bahia, and the Brazil Summit scheduled for July.

Several youths, farmers, and miners, who form the Va Por Cuba delegation, told the foreign minister about their visit with Pinar del Rio cooperative workers and about their meeting with oil workers, students, and

agricultural workers of other areas of the country. Finally, the Mexican brothers, who do not miss anything, gave Robaina a pullover with the Va Por Cuba logo today, exactly on 1 June when Robaina completes two months in the Foreign Ministry.

Civil Defense Report on Tropical Storm Damages

FL0106211493

[Editorial Report] Havana Radio Rebelde Network in Spanish at 1700 GMT on 1 June reports that Santiago de Cuba Province has suffered serious damage from the recent rain storm. Four people were killed, more than 700 houses were damaged or destroyed, serious damages to agriculture and power lines have been reported, dozens of people have been evacuated, and many areas have been left without communications as a result of the strong river currents.

A total of 310 houses were destroyed in the City of Santiago de Cuba; 276 in Contramaestre, 45 in Tercer Frente, and 22 in Songo-La Maya. Approximately 200 people were evacuated from Palma Soriano.

Damages to agriculture have been categorized as serious, specifically in Contramaestre, San Luis, and Palma Soriano Municipalities, where dozens of caballerias planted in miscellaneous crops are under water. Numerous areas in Guama, Tercer Frente, Palma Soriano, San Luis, and Segundo Frente Municipalities are without communications due to raising rivers and mud slides. Reports indicate that 598 mm of water have fallen in the past few hours in these areas and 318 mm in Mella. All dams—with the exception of Parade, which has only received 115 mm of rain—have opened their gates. The Carlos Manuel de Cespedes Dam in Contramaestre is releasing 1,500 cubic meters of water per second.

Camaguey Province, during the past few hours, has also been affected by tornadoes and heavy rain. Nine tornadoes, heavy rain, wind, and flooding have affected mainly living quarters and economic projects. Three tornadoes were reported at Florida Municipality, one at Carlos Manuel de Cespedes Municipality, four in Vertientes Municipality, and one in Camaguey Municipality. Flooding of 50 meters have been reported in low areas of the Santa Cruz del Sur coast.

These storms, together with the constant rain, have damaged 1,237 houses, 908 were completely destroyed, as well as causing partial damage to economic projects. Civil Defense reports that 3,724 people have been evacuated, mainly from Florida, Santa Cruz del Sur, Vertientes, and Guaimaro Municipalities. There has been no loss of human life.

Najasa Municipality reported receiving more than 1,000 mm of rain between 1800 and 2000 on 31 May. The rain is benefiting the reservoirs in the area.

The most complex situation appears to be occurring in Las Tunas Province, where a state of emergency has been in effect since 0900 this morning. Granma Province has been in a state of alert due to heavy rain since 1030 on 31 May.

Reports indicate that approximately 16,600 people have been evaculated from low-lying areas: 22 from Cienfuegos, 38 from Sancti Spiritus; 3,622 from Camaguey; 1,700 from Las Tunas; 4,826 from Holguin; 99 from Granma; 959 from Santiago de Cuba; and 5,368 from Guantanamo. A total 1,042 students were evacuated to safer locations.

Approximately 70,000 animals of different types have also been moved, 12,000 and 54,600 mainly in Holguin and Guantanamo Provinces respectively. Holguin and Guantanamo Civil Defense agencies report that 1,333 houses have been partially damaged and 64 were completely destroyed. Holguin Province reports that 867 houses were flooded. One man was killed in Guanatamo Province. Granma Province reports one man missing. Damages have been reported to telephone and electric systems.

The Air Force of the Revolutionary Armed Force is participating in salvage and rescue efforts, together with Ministry of Interior and Provincial forces. Given the current weather situation in the eastern provinces, the National Civil Defense General Staff urges government, economic, agricultural enterprises and groups, and the general populace to remain alert to future instructions. No one should try to travel through flooded areas or cross rising rivers, touch any downed power lines, or stop on bridges of rising rivers in order to prevent the loss of human life.

Civil Defense Note Summarizes Latest Damage Figures

FL0306021493 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 3 Jun 93

[Bulletin No. 5 issued by the National Civil Defense General Staff on 2 June]

[Text] In its advisory bulletin No. 8, this afternoon, the Weather Institute reported that some clouds and rain continue to affect the eastern provinces, even though their intensity is gradually diminishing.

Las Tunas Province continues its state of emergency due to heavy rain, while Granma Province continues its state of alert. According to reports from the provinces, 40,080 people continue to be displaced from Cienfuegos to Guantanamo. Material damages reported so far total more than 16,500 damaged houses and more than 85 economic projects partially affected. Meanwhile, approximately 1,860 houses were completely destroyed. Services to the population have been severely affected due to contaminated water supply sources.

Telephone, electric, and communication lines, bridges, roads, and railroads suffered damages. Eight people were reported killed, of these, four resided in Santiago de Cuba Province, two in Guantanamo Province, one in

Granma Province, and one in Las Tunas Province. Another six people are still missing.

Municipal, provincial, and regional defense councils of the affected provinces continue implementing their plans for catastrophes and in accordance with the situation in each place. The populace is reminded of the necessity to follow hygiene instructions for this situation and not to do foolish things which would put their lives at risk.

Record Reservoir Levels Reached in Five Provinces

FL0306011393 Havana Radio Rebelde Network in Spanish 2300 GMT 2 Jun 93

[Text] The National Institute of Water Resources reports that the recent rainfall in Cuba increased reservoir levels by 1.065 billion cubic meters. Humberto Vazquez, an institute official, said that the most outstanding increases were noted in Camaguey, Granma, Sancti Spiritus, Las Tunas, and Santiago de Cuba Provinces. Currently, 81 dams are releasing water, 65 more than 10 days ago.

The (Sasa) Dam, the largest in Cuba, capable of holding 1.2 billion cubic meters, has received 146 million cubic meters in the past 10 days, therefore, 150 million cubic meters have been received. [figures as heard] The 6.838 billion cubic meters of dammed water represents an absolute record, since never before has such an amount been reached.

Minfar Announces Eastern Army Maneuvers on 2-3 Jun

FL0206125193 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 2 Jun 93

[Text] Attention, residents of our eastern region: On 2 and 3 June, as part of the nation's preparation for defense, and in keeping with training plans for the cadres and for command and control elements, there will be exercises and maneuvers in the Eastern Army's territory.

There will therefore be movement of land troops and of the Revolutionary Navy, as well as flights by combat aircraft. Explosions may be heard.

This announcement is from the Ministry of the Revolutionary Armed Forces [Minfar].

Lage Comments on Progress of Nickel Industry

FL2805233493 Havana Cuba Vision Network in Spanish 2220 GMT 28 May 93

[Text] We are reporting from Moa on the visit of Carlos Lage Davila, a member of the Politburo of the Communist Party of Cuba and vice president of the Councils of State and Ministers. At the end of his tour through Nicaro and Moa, Lage commented:

[Begin recording] We could say that in the last two years a great effort has been made. Today, we can say that the nickel industry has its markets, it has acquired relations that guarantee the continuation of the industry, and it has worked very hard to avoid the deterioration that came about in the past.

To date, we have not been able to increase production in relation to last year. This year's production is similar to the production that was achieved during the same period of 1992. Nevertheless, we can see that the industry is in a much better position. We can see that it is better organized; we can see that a number of steps are being implemented to give attention and recognition to the work force. We believe the conditions are set to increase nickel production beginning in the second semester.

Naturally, this industry is closely related to the country's general situation. But, undoubtedly, a great effort has been made in a short two-year period. In the case of this industry, which is our third exportable line of goods, we can already see that its position is better than last year's. We can already see the possibilities of recovering nickel production in each of the three plants, little by little. [end recording]

Vice Minister Stresses Importance of Domestic Crude

FL3105230593 Havana Radio Reloj Network in Spanish 1939 GMT 31 May 93

[Text] Upon closing the first national workshop on oil production organized by the Ministry of Basic Industry and the Cuban Academy of Sciences, engineer Jesus Perez Othon, first vice minister of Basic Industry, expressed the opinion that: For the nation, the goal of producing 1.3 million tons of Cuban crude oil this year is not just a plan but an imperative need. Therefore, we must do everything we can to reach that figure.

Perez Othon said that Cuban crude guarantees the generation of a considerable part of the nation's electric power supply, for which 900,000 tons of oil will be earmarked, while another 200,000 tons will guarantee production at the nation's cement plants. Last, Perez Othon stressed that one of the achievements of this workshop, which was held in Matanzas, is that it served to bring the nation's researchers and technicians closer together.

Almeida Heads Organizing Commission of Veterans

FL0206011693 Havana Radio Rebelde Network in Spanish 2300 GMT 1 Jun 93

[Text] Commander of the Revolution Juan Almeida Bosque, Communist Party of Cuba Politburo member and Council of State vice president, heads the organizing commission of the Veterans of the Revolution Association. The commission will be responsible for supervising

the process from the base-level starting from the defense zones to the municipal, provincial, and national levels.

This process should be finished by 7 December 1993 when the constitutive conference will be held. Representatives of the most important times of the Cuban people's fight for their definitive independence, in the following defense of the Revolution, and in fulfilling internationalist missions will compose the organizing commissions.

The Cuban Veterans of the Revolution Association will be a social organization, which will gather together approximately half a million Cubans involved in the tasks of edification, consolidation, and defense of our Revolution.

Alarcon Closes Tourism Symposium in Havana

FL2905023593 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 29 May 93

[Excerpt] Today marked the conclusion of the third Ibero-American Symposium on Tourism in which more than 200 delegates from 11 countries participated. The symposium was sponsored by the (?Ibero-American Organization of Intermunicipal Cooperation) and the government of Havana City. The meeting had one basic theme: Tourism, a strategy for the development of the municipality. The exchange of experience and debates favor a common strategy for the use of all the potential in favor of the development of tourism in every province. Ricardo Alarcon gave the closing remarks at the conclusion of the symposium:

[Begin Alarcon recording] Cuba cannot afford not to take advantage of its natural resources and climate, of the many advantages achieved in the development of the educational and health sectors over the years, and of the hospitality and cordiality that characterize its people. [end recording] [passage omitted]

Spanish Airlines Establishes Weekly Flight

FL0206015493 Havana Radio Rebelde Network in Spanish 2300 GMT 1 Jun 93

[Text] The Spanish Airlines (Espanor) made its first peak season tourism flight. It flew 65 vacationers to the City of Santiago de Cuba and another group to Varadero. The Spanish airlines established, in this manner, one weekly flight during the summer season and guarantees access to any Cuban tourist destination by way of the Polytur and Transatur Agencies.

Jamaica

Patterson Endorses Rattray as Appeal Court President

FL2905174093 Bridgetown CANA in English 1547 GMT 29 May 93

[Text] Kingston, Jamaica, May 29, CANA—Jamaica Prime Minister Percival Patterson has written to Governor General Sir Howard Cooke, advising him to proceed with the appointment of attorney general and former government minister, Carl Rattray, as president of the Court of Appeal. The official news agency JAMPRESS said Friday [28 May] that Rattray's appointment would take effect on June 1. Legal Affairs Minister David Coore will take over as attorney general also on that day, the news agency said.

Patterson is pressing ahead with the appointment of Rattray to what is Jamaica's second highest judicial post, despite objections from opposition leader Edward Seaga and other influential persons. They argue that the office could be tainted by Rattray's recent history as an active politician and member of the ruling People's National Party (PNP) government.

Patterson, who in line with the dictates of the Jamaican Constitution, consulted with the opposition leader before formally appointing Rattray, reiterated Friday that he found no justified grounds for Seaga's objection. There were numerous examples, said the prime minister, of former politicians serving in the judiciary "without any conflict of interest or blur on the appearance of justice."

Seaga Retreats From Insistence on Inquiry Commission

FL2905010893 Bridgetown CANA in English 2113 GMT 28 May 93

[Text] Kingston, Jamaica, May 28, CANA—Opposition leader Edward Seaga Friday [28 May] retreated from insistence on a commission of enquiry into the controversial March 30 elections here that led to a partial boycott of Parliament by his Jamaica Labour Party (JLP).

At a function marking his 63rd birthday, Seaga announced he would endorse an independent probe of the performance of the Electoral Office and for accusations of bias and intimidation against the police force to be investigated by the political ombudsman.

"If these investigations are held it will satisfy the JLP," Seaga remarked.

Seaga also said his party was "willing and ready" to enter bilateral discussions with the governing People's National Party (PNP) on the findings of a report on crime and the judicial system by a task force headed by Supreme Court Judge Lensley Wolfe.

These meetings had been put on hold by the opposition.

The move, on the surface, appeared a major climb down by Seaga, who had made the commission, with its semi-judicial powers, a condition for JLP members to regularly attend sittings of the House of Representatives and for him to name eight opposition senators. The commission's findings would provide the basis for electoral reform, Seaga said.

The eight JLP members in the 60-member House vowed after the election to attend only the minimum amount of sittings required for them to remain members.

"The JLP is anxious to move things forward and get rid of the pussyfooting as well as to give the government a way out," JLP spokesman Hector Wynter told CANA after Seaga's announcement.

There was no immediate response from Prime Minister Patterson or members of the government, but the JLP's shift of position could provide a basis for compromise between both sides and build public sympathy for the opposition.

While the government had conceded incidences of irregularities in the election and pledged itself to electoral reform, Prime Minister Percival J. Patterson argued that the establishment of a commission of enquiry was unwarranted.

Patterson had stressed that there were several reports on electoral malpractices here whose findings needed implementing and the Electoral Advisory Committee which oversees elections, was carrying out an investigation into the problems.

Patterson also noted there were opportunities for election petitions, avenues for complaints against the police and a number of the issues in contention were covered by the Wolfe report.

Seaga in announcing his formula, said the seven-member Electoral Advisory Committee - two members each from the political parties and three independents - had prior to its dissolution agreed to an independent investigation of the Electoral Office.

The JLP now wanted this to happen when the committee was reconstituted.

Regarding the JLP's complaints against elements in the police force, Seaga pointed out that the political ombudsman had the power to hear complaints and carry out investigations similar to a commissioner of enquiry.

"The JLP proposes to lay before the political ombudsman a number of complaints of the types of irregularities that took place," the opposition leader said.

Agriculture Minister Urges Use of 'Target Europe'

FL3105170693 Bridgetown CANA in English 1541 GMT 31 May 93

[Text] Kingston, Jamaica, May 31, CANA—Jamaica's agriculture minister, Seymour Mullings, is urging farmers to make use of opportunities for increasing exports to Europe under the government's Target Europe programme.

"There is an abundance of indigenous fruits, herbs, and spices with considerable potential for export," Mullings told a recent awards function for farmers. We must seize upon every chance to fully exploit the export potential of these crops not only in traditional exports, but also the markets of the newly industralizing countries."

The FINANCIAL GLEANER, in a report on Mullings' speech, said the minister reported that citrus exports last year rose by 42.3 percent over the 1991 level. Export figures were not given.

Mullings, also Jamaica's deputy prime minister, said coffee exports were up in 1992 by 29 percent and brought in U.S.15.2 million dollars in foreign exchange earnings. Exports of fruits rose 48.1 percent, yielding foreign exchange earnings of U.S.3.7 million dollars. Overall, however, 1992 agricultural export earnings fell by 2.9 percent due to reduced earnings by sugar and bananas, the two leading cash crops.

Adverse Weather Causes Fall in Sugar Production

FL2905174193 Bridgetown CANA in English 1637 GMT 29 May 93

[Text] Kingston, Jamaica, May 29, CANA—Jamaica has scaled back its projection for the current sugar crop by 8.5 per cent following heavy rains here that diluted sucrose content and disrupted reaping, according to agriculture minister, Seymour Mullings. Mullings told Parliament that sugar production was now likely to be 200,000 long tons, against the 235,000 tons that had been projected at the start of the crop. According to Mullings, the adverse weather would cost the industry up to J200 million dollars (1 J dollar = 4.5 U.S. cents).

"That figure relates to lost production because of the heavy rains we have been having," explained Frank Downie, the chairman of the Sugar Industry Authority (SIA), which oversees the industry.

"We will have canes that might have to be held over and we lost time during the best reaping production when sucrose content would be at its best."

Downie expected that the sugar crop, which normally closes in July, would have to be extended to August "to get as much as we can out of it." However, the fall in production is unlikely to lead to a shortfall in Jamaica's supply to the European Community (EC) under its Lome Convention export quota of 126,000 long tons. Downie told CANA that about 108,000 tons had already been shipped or were in warehouses awaiting shipment.

"We have maybe another 18,000 tons to be shipped and we have until 21 June to do that and I think we can make it once the weather holds," he said. "If not, we could apply for force majeure but I don't think we will need that." Jamaica has already shipped the 12,827 tons under its U.S. quota agreement.

Meantime, Prime Minister P.J. Patterson announced that the sugar market here would be soon liberalised, freeing importers of refined sugar as well as selling to the domestic market. Such activity now falls under government agencies. Jamaican sugar producers and farmers will also have access to the foreign exchange earned by

the industry. The announcement was in tandem with the government moves to divest its three remaining sugar factories and estates.

Agriculture Faces Zero Growth Due To Floods

FL0206221793 Bridgetown CANA in English 1726 GMT 2 Jun 93

[By Garfield Myers]

[Text] Kingston, Jamaica, June 2, CANA—Jamaica's agricultural sector is facing zero growth this year because of extensive flood damage, Agrculture Minister Seymour Mullings said. Based on a first quarter growth of 10 per cent, a 15 per cent growth in the sector had been anticipated this year. However, this projection had been "wiped out by the persisitent rains," Mullings said.

Unusually heavy rain in Jamaica since late April has caused widespread destruction and at least nine deaths. The south central parishes of Clarendon and St. Catherine and the eastern parishes of Portland, St. Mary, and St. Thomas are the worst hit areas.

Mullings, also Jamaica's deputy prime minister, said losses to the sugar industry would exceed 200 million dollars (1 J dollar = U.S 4.5 cents). In addition, more than 70 million dollars damage had been done to bananas, root crops, vegetables, inland fishing, and poultry.

"It gives me no pleasure to say that we could be faced with zero growth as a result of the damage already done," he declared.

The agriculture minister also said the extensive loss of crops was likely to lead to an increase in domestic food prices during the next few months. The bleak picture for this year comes against the background of steady growth in agricultural production since the havoc caused by Hurricane Gilbert in September 1988. Since then, Mullings said, agricultural export earnings had grown by 4 per cent on average each year. Average earnings had stood at U.S.152.5 million dollars.

"Last year's earnings and volume of exports from citrus and coffee showed significant increases, while earnings from sugar and bananas declined primarily because of lower international prices," Mullings said. He reiterated that earnings from Jamaica's export agriculture had the potential to reach some U.S.400 million dollars.

Costa Rica

Bomb Destroys Limon Court, Drug Case Files

PA3005163293 San Jose LA NACION in Spanish 24 May 93 pp 10, 12

[Excerpts] Guapiles, Pococi—A violent explosion at 0005 [0605 GMT] on 23 May followed by a fire, which firefighters managed to control six hours later, destroyed the building housing the Mayor's office and the Investigative Court. This is one of several attacks that the Judicial Investigation Agency [OIJ] called the strongest blow against judicial administration in the country.

Authorities and residents said the explosion was so strong it rocked buildings and homes within a radius of 500 meters and was heard as far away as 3 km. [passage omitted]

The now destroyed Investigative Court was processing 525 criminal cases, including some cases involving several gangs of violent thieves, who had allegedly spread in the Caribbean area of the country between January and March.

There were also several cases against small-scale drug traffickers from Guapiles and Pococi, some of which were about to be heard in court.

Local Judge Marvin Arce complained that "nothing was saved, and the recompilation of the case files will take a very long time. It will be very difficult." [passage omitted]

According to OIJ Director Rafael Angel Guillen at least four men attacked the municipal and court building with a five-gallon can gasoline bomb.

He did not discard the possibility that other explosive materials were used, which will be determined later by specific tests.

Late on the afternoon of 23 May, the police had very few clues to help them find the terrorists. It is only known that four men arrived in a four-door red vehicle. [passage omitted]

Public Security Minister Luis Fishman, who deployed a contingent of civil and rural guards to aid in the search for the terrorists, said that "this event is related to one of the pending cases in Guapiles." [passage omitted]

El Salvador

Former Guatemalan President's Arrival Noted

PA0206155393 San Salvador Radio Cadena YSKL in Spanish 1510 GMT 2 Jun 93

[Text] Serrano, who resigned on 1 June as president of Guatemala after maintaining a de facto government for eight days, arrived in El Salvador aboard a Guatemalan Air Force plane that landed at 0315 [0915 GMT] at the El Salvador-Comalapa International Airport in El Salvador.

Ernesto Altschul, who is national communications secretary of the Salvadoran Government, explained that Serrano is in El Salvador under the auspices of the Salvadoran Government's hospitality.

He added that upon accepting Serrano's presence in El Salvador, the government is complying with the mission of the Central American presidents of contributing to the reestablishment of institutional order in Guatemala.

Jorge Serrano's arrival was also confirmed by Mauricio Velasco, Honduran ambassador to El Salvador, who said that the Guatemalan president will remain at least 24 hours in El Salvador at a hotel in the capital city, and will later travel to the United States.

We repeat: Ernesto Altschul, national communications secretary, has confirmed that Jorge Serrano, the resigning president of Guatemala, is in San Salvador.

Official Silent on Serrano's Whereabouts

PA0206233993 Guatemala City Cadena de Emisoras Unidas in Spanish 2235 GMT 2 Jun 93

[Report by Ramiro Roldan from Jutiapa]

[Text] Salvadoran journalists report that they have been closely following events in Guatemala. The secretary general of the Salvadoran Information Office concluded a news conference a few minutes ago. It has been reported that the former Guatemalan president is in El Salvador. However, the secretary general has denied this report, having been asked by the Salvadoran president to neither confirm nor deny whether the former Guatemalan president is in El Salvador. This is what happened:

[Begin recording] [Unidentified correspondent] The Information Office's secretary general has reported that the fact that the former Guatemalan president is no longer in office has damaged, or created doubts about, the integration process.

[Information Office secretary general] We are no longer able to confirm whether we will hold the upcoming presidential summit in Guatemala City. This is one negative effect of recent events.

[Correspondent] We trust the new Guatemalan Government officials will promote the integration process. Here is today's big question: Is Jorge Serrano in El Salvador?

[Information office secretary general] We can neither confirm nor deny that Jorge Serrano is in Salvadoran territory. [end recording]

Serrano Denies Resignation, Confirms Military Coup

PA0306040593 San Salvador Canal Doce Television in Spanish 03020 GMT 3 Jun 93

[Report by Alfredo Villareal in San Salvador]

[Text] Former Guatemalan President Jorge Serrano finally agreed on 2 June to hold a news conference—without questions—with numerous journalists who had waited for him more than eight hours at a hotel in San Salvador. The former Guatemalan president gave a brief statement, but he allowed no questions. Serrano, who arrived in the country early on 2 June, did not say what his status is in El Salvador. Engineer Serrano addressed the local and international media and insisted that he has not resigned as president of his country; quite the contrary, he was ousted by the military.

[Begin Serrano recording] I did not resign from the presidency of the Republic as it was stated. I was forced to leave the presidency due to a coup carried out by a small group of military leaders. This clarifies my situation, meaning I have not resigned and I cannot be deposed by any legal means. [end recording]

Serrano Elias, who is lodged at a luxury hotel in this capital, insisted that a large number of the Guatemalan people are aware of his struggle against drug trafficking and the Mafia, and for these reasons he carried out a self-inflicted coup. He said he will continue the struggle against these even though he has been ousted.

[Begin Serrano recording] The purge is my main goal because the country is not viable given the levels of corruption we have reached. I will not change that position. The goals sought by the work we have carried out and the positions we have adopted must be fulfilled to the Guatemalan people's satisfaction. The Guatemalan people certainly want that purge and they want order and honesty in the country. The Guatemalan people understand perfectly well what I am saying, and I want to tell them I will continue to wage the struggle. [end recording]

The former Guatemalan president said he will not leave El Salvador until the situation is his country is clear. He thus denied rumors that he would depart for the United States in a few of hours.

FPL Claims Responsibility for Managua Arms Cache

PA0306045193 Panama City ACAN in Spanish 0258 GMT 3 Jun 93

[Text] San Salvador, 2 Jun (ACAN-EFE)—The People's Liberation Forces, FPL, one of the five groups making up the old Salvadoran guerrilla movement, on 2 June claimed ownership of the cache found in Managua on 23 May. At the same time, FPL reported "a political campaign to its detriment."

In a communique, FPL said that "since the beginning" it expressed to the Nicaraguan Government the organization's willingness to cooperate in the investigation and take upon itself any responsibilities, but that they would not do this in public "until final conclusions were reached."

FPL added that the arms found by accident—after an explosion that killed one person and injured several others—in a mechanical shop in Santa Rosa, Managua, "were the FPL's responsibility" but that none of the arms had been taken away since November 1991.

The now political party Farabundo Marti National Liberation Front, FMLN, of which FPL is a member, signed in January 1992 more than 100 agreements with the Salvadoran Government to put an end to 12 years of war that killed over 75,000 people.

FMLN pledged to destroy its armament, according to an inventory handed over to the United Nations on 31 December, when the FMLN's military organization was also to be dismantled.

In the communique, FPL said it reported to the Nicaraguan Government on the Salvadorans and foreigners involved in the judicial investigation to identify the collaborators, not to mention the three Spaniards who were handed over to the Spanish authorities on 30 May for their alleged ETA [Basque Fatherland and Freedom] membership.

The former Salvadoran guerrillas said they have asked the Nicaraguan authorities to investigate the explosion that occurred prior to finding the cache because they are sure "there was a criminal hand with political purposes" involved.

"The Santa Rosa incident is being used for gross political manipulations, both in El Salvador and in Nicaragua. We refuse to be involved in the political and propaganda war unleashed between sectors, which deliberately distorts and introduces confusion into the investigation," the communique says.

FPL said: "We never intended to keep arms for economic purposes or to use them to pressure the Salvadoran political process."

In addition, FPL reiterated their willingness to cooperate with the UN Observers' Delegation to El Salvador, Onusal, to dismantle "what remains from more than 10 years of war."

Spanish Colonel Luis Alejandre, the new director of Onusal's military division, told ACAN-EFE on 2 June that he will fly to Managua to participate in the investigations that the Nicaraguan authorities are conducting on the cache.

Alejandre, who on 1 June replaced Spanish General Victor Suanzes, said that Onusal has so far received a fair amount of cooperation from the Salvadoran and Nicaraguan authorities, as well as from FPL, to clarify the incident.

Government Accepts Nicaraguan Blast Report

PA0106154193 Managua Radio Nicaragua Network in Spanish 1100 GMT 31 May 93

[Text] Agustin Ramirez Ocampo, the director of the UN Observers for El Salvador [Onusal], and Rafael Angel Alfaro, the deputy foreign minister, expressed their satisfaction with the information provided by the Nicaraguan Government regarding the explosion of a weapons cache in Managua. Onusal Director Agustin Ramirez Ocampo said his organization is willing to assist Nicaragua in the investigation into the explosion of the clandestine weapons arsenal, which occurred during the week of 20 May. Deputy Foreign Minister Rafael Angel Alfaro said that it has been proven that a member of the FPL [Farabundo Marti Peoples Liberation Forces] was in fact involved in the explosion of the weapons cache.

[Begin recording] [Ramirez] We are very grateful to the Nicaraguan Government, because Government Minister Mendieta and Foreign Minister Leal have provided us with an in-depth assessment of the situation. I believe and hope there will be confirmation of one of the various hypotheses, which will tell us who to hold accountable.

[Unidentified reporter] Which hypothesis is the main one being studied, based on the information you have received?

[Ramirez] No. The authorities are studying two or three hypothesis at this time.

[Reporter] Will you issue a report upon returning to El Salvador?

[Ramirez] Two members of the mission will stay here to review the details of the hypotheses with the authorities. When the time comes and the facts are clear, we will issue a formal statement and our ruling.

[Reporter] Mr. Ramirez, upon your arrival, you said that Onusal is willing to help Nicaragua. What type of assistance would Onusal offer in the investigation of this incident?

[Ramirez] We offered the government the assistance of some of the experts we have in El Salvador and we will be glad to provide it in case the government finds it useful.

[Reporter] Did the government accept your proposal?

[Ramirez] I believe they will surely accept it if they find it necessary. [end recording]

Deputy Foreign Minister Rafael Angel Alfaro also expressed his government's satisfaction with the information provided by the Nicaraguan Government regarding the investigations into the weapons cache, which exploded during the week of 20 May in Santa Rosa neighborhood in Managua.

[Begin recording] [Alfaro] The information disclosed by General Humberto Ortega this afternoon, I believe, in his statements during the inauguration ceremony of the new Nicaraguan military academy, will supplement the information we have already. He directly implicated the FPL as being responsible for the incident.

[Reporter] What consequences do you believe this will have? What impact will this have in El Salvador, as the reports seem to confirm the guerrilla participation, through the FPL, in the explosion of the largest weapons cache registered in our history?

[Alfaro] It will be the people who will demonstrate the impact. The Farabundo Marti National Liberation Front [FMLN] is now a duly established political party and our Constitution prohibits a political party from being armed. In this case, as Gen. Ortega has pointed out, one of the FMLN's branch organizations is directly implicated in this weapons cache. I believe the impact will not harm the peace process. The process will carry on and President Alfredo Cristiani is determined that the peace process continues. The people, I think, will demand honesty in the FMLN actions and will make sure its participation in the upcoming election is honest and free of weapons, as the Constitution so provides.

[Reporter] Once the Onusal delegates who came here with you file their report confirming the information you have received, will there be endorsement for the FMLN not to participate in the next elections in your country?

[Alfaro] I do not think that would be very positive. The FMLN has as much right as any other political party to participate in the election process. I do not believe we would pursue such a thing, especially as we struggled so hard for the peace process to be implemented, part of which is the incorporation of the FMLN into political life.

[Reporter] Mr. Deputy Minister, did the authorities identify the Salvadoran citizen, who is reportedly a member of the FPL and believed to have participated in running this warehouse in Nicaragua?

[Alfaro] According to the information we have, there is only an alias for this person. The other information will come as the investigation progresses. The alias I believe is Evers, but the investigation will have to provide us with the rest of the information. [end recording]

Guatemala

Serrano Leaves for El Salvador; Leaders Named

PA0206150293 Guatemala City Cadena de Emisoras Unidas in Spanish 1433 GMT 2 Jun 93

[Text] Deposed President Jorge Serrano early on 2 June reportedly left the country for San Salvador where he will reside after receiving asylum, on which various official and media circles commented intensely on 2 June. Jorge Serrano left with his family.

Consulted national palace sources neither confirm nor deny the early departure of Jorge Serrano, wife Magda Bianchi, and their children to the Salvadoran capital.

Reports indicate Rigoberta Menchu and Epaminondas Gonzalez Rodas are reportedly the country's new rulers. A last-minute report states they are the country's president and vice president.

Jimenez Confirms Serrano Departure

PA0206185093 Guatemala City Cadena de Emisoras Unidas Network in Spanish 1744 GMT 2 Jun 93

[Text] Deputy Foreign Minister Carlos Jimenez Licona has confirmed that former President Serrano Elias is on a stopover in El Salvador but noted that he does not know where he will be going next. Here are his statements:

[Begin recording] [Jimenez] We also have the same report. We learned that the Salvadoran Government announced that officially.

[Correspondent] [Words indistinct]

[Jimenez] The Guatemalan charge d'affairs has just informed me that the Salvadoran Government released that information. It announced that former President Serrano is on a stopover in El Salvador.

[Correspondent] Where is he going?

[Jimenez] We do not know.

[Correspondent] [Words indistinct] the vice president?

[Jimenez] Only the former president.

[Correspondent] [Words indistinct]

[Jimenez] [Words indistinct]

[Correspondent] [Words indistinct]

[Jimenez] I suppose so. He has not arrived yet, but I imagine he will come to the Foreign Ministry [words indistinct].

[Correspondent] Has the Foreign Ministry officially informed other states or countries about the decisions or actions that were taken yesterday?

[Jimenez] Yes, the Foreign Ministry sent a report to all our embassies about the events that took place yesterday. We have asked them to [words indistinct].

[Correspondent] [Words indistinct]

[Jimenez] So far, there is no other information, thus we cannot send any additional information. [end recording]

This was Deputy Foreign Minister Jimenez Licona. In another report, we just toured the National Palace where we could see that [words indistinct] Health Ministry, the minister is meeting with hospital directors. Meanwhile, at the Agriculture Ministry, Minister Adolfo Boppel said that he has his letter of resignation ready, but he does not know to whom to submit it. Likewise, Communications Minister Alvaro Heredia said he did not know who to submit his letter to or what to do at this moment.

We toured the Government Ministry, and a spokesman there said that Minister Francisco Perdomo Sandoval had not arrived there yet. The office is in charge of the two deputy ministers, Napoleon Gutierrez y Renan (Deca), who are in charge of [words indistinct] and the country's security.

Meanwhile, it was reported at the Education Ministry that they are waiting for acting Deputy Minister Pilar Serrano de Lopez to arrive.

Everything is calm here at the National Palace. However, we can see several people gathering at the Central Plaza. We do not know what lies ahead in the future of Guatemala.

Congress Reopens, Deputies Ready To Resume Work

PA0206165093 Guatemala City Cadena de Emisoras Unidas in Spanish 1602 GMT 2 Jun 93

[Report by unidentified reporter from the Guatemalan Congress building in Guatemala City—live]

[Text] The National Congress was reinstalled today. Its doors were opened and the congressmen are currently awaiting for the board of directors to call the plenary session to order. Some deputies called this reopening a miracle, as they did not expect to return here after former President Jorge Serrano dissolved the congress.

Meanwhile, several correspondents have reported that President Serrano, who is now in El Salvador, has begun making arrangements to travel to the United States on 3 June. His stay in the United States could be indefinite, according to reports from highly reliable sources.

People's organizations have called for demonstrations, as they disagree with the reopening of the congress. They say that the Executive Branch may have been purged, but we are returning to the old political problems of the past.

Demonstrators Begin March, Demand Congress Purge

PA0206235893 Guatemala City Cadena de Emisoras Unidas in Spanish 2207 GMT 2 Jun 93

[Report by correspondent Armando Perez]

[Text] The March of Dignity demonstration organized by the multisector coordinating board just started from Plaza Italia, in front of Guatemala City's municipal building, to protest and reject the negotiations conducted by political, business, and military sectors. The protesters say that these negotiations reveal the absence of true political willingness to establish true participating democracy with social justice. The multisector coordinating board is made up of the majority of popular and trade unions, religious and (?Maya) groups, and newsmen. The board did not participate in the negotiations to restore constitutional order, they added. The sectors's main demands include calling for the formation

of a broad group that is political, economic, popular, and religious in nature to investigate and remove Congress members whose public behavior proves to be corrupt and to prepare a trial against Jorge Serrano. Some 7,000 people, carrying wide horizontal banners, demand the restoration of the constitutional order that was disrupted by President Serrano, who resigned on 1 June.

Demand Serrano Trial

PA0206175893 Guatemala City Cadena de Emisoras Unidas in Spanish 1715 GMT 2 Jun 93

[Report by Lucia Dubon from the Congress—live]

[Text] A demonstration is in progress outside the Congress to demand a trial of Jorge Serrano for several crimes he reportedly committed during his presidency. The demonstrators are proposing Constitutional Court President Epaminondas Gonzalez for president and 1992 Nobel Laureate Rigoberta Menchu for vice president.

A multiparty commission is asking permission to meet with the Congress president but it has not yet gained access to the building.

'Completely Surround' Congress

PA0306001293 Guatemala City Cadena de Emisoras Unidas in Spanish 2333 GMT 2 Jun 93

[Text] Urgent. Hundreds of demonstrators gathered at the doors of Congress and tried to force their way through the Ninth Avenue gate. When their efforts failed, the demonstrators tried to break through the parking lot door that opens to Eighth Street; however, this effort failed as well. The demonstrators, who are determined to prevent Gustavo Adolfo Espina Salguero from assuming office as constitutional president, now completely surround Congress.

The protesters are determined to stop Espina from entering the building. The angry demonstrators have completely blocked Eighth Street and Ninth Avenue.

Vice President's Statement on Assuming Presidency

PA0206224793 Guatemala Cadena de Emisoras Unidas in Spanish 2127 GMT 2 Jun 93

[Statement by Vice President Gustavo Espina Salguero on assuming the post of Guatemalan president in Guatemala City on 2 June—recorded]

[Text] Friends of the news media, Guatemalan people:

I am at home with my family and ministers of the government to inform you that, adhering to that which is mandated in Articles 189 and 190 of the Constitution, the successor of the president of the Republic is solely and exclusively the vice president of the Republic. Therefore, I am speaking to you as the new president of the Republic of Guatemala. [applause]

The Guatemalan people elected me vice president in free, popular, and democratic elections on the ticket with Engineer Serrano. This historical moment is taking place with strength, security, certainty and the support of the law and that of Our Lord God. I must also inform you that during the days leading up to the events on 1 June, all sorts of sectors—social, business, and political—approached me and asked me to be the president of the Republic. Because of my moral values and loyalty, I could never consider that possibility. Today, however, the situation has changed, and President Serrano decided that I should take over the post because the law so establishes. Congress cannot be purged; the mechanisms cannot be changed.

Deputies Await 'President' Espina at Congress

PA0306015593 Guatemala City Cadena de Emisoras Unidas in Spanish 0110 GMT 3 Jun 93

[Report by Lucia Duvon, from the Guatemalan Congress]

[Text] This is a report from Congress. The Demonstration for Dignity has concluded in front of Congress, but not before calls were made for a new demonstration on 3 June at 0900 [1500 GMT] which should start at Italia Plaza and conclude at the National Palace.

A negotiating commission has been created. It is composed of Armando Sanchez, of the National Federation of State Workers Union; Ines Garcia, of the Mutual Support Group; Jose Argeta and Juan Ortiz, advisers; and Mary Barrios, of [word indistinct]. They were unable to enter Congress.

We also want to report that everything is ready to hold a plenary meeting at Congress. The deputies are already at their places. Sound tests have already been made, and the local and international media are at strategic points to report on the swearing in ceremony for the new president of the Republic, Gustavo Espina Salguero. We believe this session will begin in a few minutes. The congressmen are here already. They are waiting for President Gustavo Espina Salguero.

Espina Lacks Quorum To Be Sworn In

PA0306032493 Panama City ACAN in Spanish 0240 GMT 3 Jun 93

[Text] Guatemala City, 2 Jun (ACAN-EFE)—Guatemalan Vice President Gustavo Espina could not gather the necessary quorum on 2 June to be sworn in as head of state by Congress, and his fellow party members are lobbying the deputies intensely to achieve a quorum.

Congressional sources assured ACAN-EFE that at 2030 local time (0230 GMT) on 3 June, two and one-half hours after being summoned, only approximately 40 of the 59 deputies required as a minimum had shown up for the swearing in.

Espina, who the Army on 2 June surprisingly supported, even though it is believed that on 1 June it had forced him to resign, has already proclaimed himself president, replacing the deposed Jorge Serrano, in statements broadcast to the entire country on an official radio and television network.

Espina Salguero Addresses Congress

PA0306060093 Guatemala City Radio and Television Networks in Spanish 0445 GMT 3 Jun 93

[Address to Congress by Vice President Gustavo Espina Salguero in Guatemala City—live]

[Text] Mr. Vice President of Congress, members of the board of directors, representatives of this high-ranking body, ministers, members of the diplomatic corps, special guests:

It is a very special privilege for me to share this historical moment with you. I have come before Congress as acting president as the law establishes when the president of the Republic is partially or totally absent. The only way to replace him is with the vice president of the Republic.

I have asked the acting president of Congress to allow me to address the deputies, news media, and international community. I can see by the number of deputies present that there is a quorum; since there is a quorum it is possible to conduct the ceremony at which I will take the oath as president of the Republic.

I must respectfully ask all of you for your understanding and for you to remain calm at what I must tell you. On 2 June I held meetings with various sectors of the national community. I held meetings with business, political, and institutional sectors, and with social representatives. Certain diplomats visited me at my home and I made international contacts with many governments that have given me their support.

However, I must respectfully ask this highly ranked body to postpone the swearing in ceremony. I am within the law, I have the required quorum, but on 2 June, I realized that it is necessary to ensure greater consensus among the Guatemalan people.

Among the Guatemalan people there is open consensus and a consensus that prevails over personal or political interests. The consensus that has weighed most on my conscience, the consensus that I heard the most today, is that the people want the deputies to make an effort to have Congress purge itself. [applause] You must understand my feelings when I say that the Supreme Court of Justice must also purge itself. [applause]

I spent many hours today making efforts and I will continue to do so until the Guatemalan people, the deputies whom I respect, the Supreme Court, and other national groups agree to sit down promptly to a national dialogue where all the forces can converge, where a dialogue of unity can be held, and where we can modernize the state. The executive branch must also give its quota and share its views with the Guatemalan people.

That is why, with due respect, I ask the deputies and the community to understand that I do not want to take the presidential sash on my chest this evening. I am an acting president today. I could have had this sash on my chest two days ago, three days ago, or four days ago, but I would have done it out of disloyalty or going against the president's integrity. Such a thing never crossed my mind.

Today, when I address the deputies, the majority gathered here, I present myself to the Guatemalan people and ask them: Let us exert ourselves for the sake of the Guatemalan people who wait in the streets for better results for all Guatemalans. Let us conscientiously help attain a better form of coexistence. [applause]

I believe and am convinced that, with this round of applause I humbly receive, the deputies gathered here want to state: We want to contribute to the country.

It is unfair to say all Congress members are corrupt; it is unfair to say they are all despicable because that is not true. However, let us conscientiously find the mechanism to carry out a purge. Let us find the mechanism to sacrifice our salaries, too. Let us find the Supreme Court mechanisms so everything is properly done.

If this event takes place on 3 June based on a consensus I can also tell you, as president of the Republic, we will be fulfilling the dream of cleaning up our country and attaining a better future for our children. [applause]

I want to tell you that in case my efforts and the struggle I have waged on 2 June result in a positive reaction, although that is my legal right and although there is no other option, I will issue an invitation to all responsible groups in this country—business, labor, political, religious groups, and all those who can help achieve a better Guatemala.

I can tell you beforehand that, as members of the Executive Branch, we also have to give in on certain things. I am prepared to ask the ministers of state—some of whom are here now—to present their resignation en masse so that I may establish a different cabinet. [applause]

This does not imply or establish a pledge that, although a purge might be carried out, many valuable ministers and deputy ministers will not be able to continue in their posts. But I am asking these ministers to leave me free, so no conflicts are created, so no hearts are broken in the decisionmaking, so I can be objective for the country's benefit.

One other thing. It is necessary to modernize the state. I am making room for the groups to help to modernize the state, so the media can play a role and participate, observe, contribute, criticize. I also tell you that, in this state modernization, government officials should also

make their own quota of sacrifices. I will sit down with many important officials, ministers, deputy ministers, and directors, and ask them to work with me in drawing up a formula for a substantial reduction of their salaries. [applause]

Here is a word you will like. I am saying this honestly, not as a demagogue, but deeply convinced in my heart. In the Guatemalan people's presence, after a consensus is reached, I want the group to work with me to determine the place or sector that would benefit from official expenditures the most. [applause]

This morning, accompanied by my wife and children, and while we filed away our photographs and gave great thought to the future, representatives of the most diverse sectors came to my home to tell me: Vice President, the law orders and asks you. This is the only solution. Let's not go in the wrong direction. But I do not want to reach an understanding with one group and behind the other groups' backs. I pledge before the Guatemalan people that I want the media to witness any political arrangements that are made because we have nothing to hide. [applause]

People of Guatemala, friends: I am not looking for a bone. Forgive the expression. I tell you this sincerely and freely. Right now I have a dream: I want to help this God-blessed country. I have the dream and the hope that this message of mine will be understood by the humble people of the country and by all the other sectors so that we may transform the country and secure unity and peace.

With regard to peace: I too want peace and I too struggle to secure peace in the country, so that there is no confrontation or violence. Peace should be analyzed also by all the Guatemalan people and sectors. We will find the way. This evening I am not going to speak of any particular commitment. You can understand how short on time I have been today. But I know that if we work with enthusiasm, that if we set interests aside, we will be able to keep Guatemalans from killing each other. [applause]

I want to respectfully and with admiration refer to the Guatemalan Army. I want to tell you that this morning, when I met with Defense Minister General Garcia to tell him about my decision, based on the law, he told me that I had and that I could count on all the backing of the Guatemalan Army. [applause]

To me it is very important to be able to tell the Guatemlan people, the international community, and the deputies that the Army must not be indicted, criticized, or involved in an issue that belongs in the political realm. As politicians, as civilians, as citizens who want a better Guatemala, let us respect and admire the Army. From now on it will play the role it must play. It has defended the country and the country's democracy. In this regard it has played an historic role.

I have spoken with officers on the vice presidential staff and they often told me: Mr. Vice President, sometimes we were in the mountains for months, under very difficult conditions. We were unable to establish communications with our families, and when we returned, happy at having defended the country from an ungrateful aggression, we found, brokenhearted, that some car windshields bear signs saying: Army: Assassin. We could not understand, these officers told me, how could it be that while we were struggling to defend the country so somebody could use five quetzales worth of spray paint to tarnish our institution.

People of Guatemala: I ask that we all learn how to respect the Guatemalan Army and Guatemalan institutions.

I consider this message historic because, I repeat, I have spoken from my heart. I have had many experiences today. Since I was a child I cherished the dream of delivering a speech like this one, of being able to speak to the people of Guatemala and to tell them: Let's not fight; let's find solutions. I cannot imagine that the deputies who are here and those who are somewhere else listening to this speech would not come here in the future to help Guatemla. [applause]

I cannot force you to come and I will never ask you to come for any hush-hush voting. That is over. [applause]

I commit myself, in front of the Guatemalan people and the deputies, to courteously asking the members of this organization and of all other organizations engaged in dialogue with me, to allow me to record the conversations. If there is any felony, I commit myself to present it to the Guatemalan people and to denounce it. [applause]

I cannot hide the fact that I would have liked to march in wearing the presidential sash this evening, to have that photograph for the sake of my children and wife. But I prefer leaving today as I came in: wearing my suit, my clean heart, my pride, knowing that I fulfilled my duty by making this appeal.

When will the next meeting on this take place? Let's agree on that. It would be regretful if the country's sectors just hold meetings day after day and month after month. I am prepared to make any personal contribution to find and strengthen the democratic path.

I am willing to present that personal contribution, whatever it may be, certainly whatever is logical, to the Guatemalan people. Of course, I hope that in light of my decision and in light of my [word indistinct] no sectors will produce pressure, will handle this situation badly, or will abuse this situation. If they do, I will accuse them before the Guatemalan people. I will accuse them. [applause]

I am not going to take advantage this opportunity to make any personal accusations against anyone. Tonight I would like to express my gratitude to God. Thank you, Lord, for giving me the opportunity to have this moment [applause] because He has allowed me to give this

speech. I can come back later before the full house; I can come tomorrow. If you want it can be during a closed session—for the first time—but I would prefer an open session. I would prefer to meet with all of you so that I can set out my position and ask you deputies: How do you want to go about things?

The Guatemalan people out there at the doors are asking for a purge. The Guatemalan people want the Court to be purged. If this is what they want, then we must comply. Find the way; find the formula. I cannot point fingers at anyone in particular nor can I put a label on you that you do not deserve. There are honorable deputies here. I know them, I can vouch for their democratic faith. I can vouch for their vocation. I am convinced that tomorrow you will not go to collect your salary or any other check that is not owed to you.

I am not announcing my personal requisites. If I have put on the table what the Guatemalan people wanted to hear, I am also taking advantage of the situation to talk about what has happened throughout Guatemala's history and to encourage you to march forward to forge a better homeland. Our Guatemala deserves this. I ask all of your forgiveness for coming here before you and not taking the presidential sash. If tomorrow someone accuses me of not having done my duty—even though there was the correct number of deputies—I do not care. I want to do this in openly, facing the Guatemalan people. [applause]

To conclude, I will not discuss a forum of opinions, I do not want to do that right now. But I do want to say that I arrived at the Presidency... [pauses] at the Vice Presidency with Mr. Serrano. Today, wherever he is, I send him a heartfelt greeting from a friend, and may God accompany him during these times. [applause]

Some are tired because of how long they waited. I apologize for the time you waited, but it was part of reaching the consensus.

I will walk out that door, and down that staircase, very satisfied with having done my duty.

I did not want to tell the board of directors what this was all about. The order was there, the procedures were up-to-date, the procedure for delivering the presidential sash, the speech, the agreement; but please, I do not want it tonight.

Please allow me to attain the consensus of the Guatemalan people, so that it is present in the streets, represented in sectors, so that we can tell the people face to face: We are all willing to change this country.

May God bless you all. May tonight be a historical night. May tonight be a night of change. May I have gotten God to illuminate me to be able to talk to your hearts, deputies, to your hearts, Guatemalan people.

If I have met my objective with one of you, I will feel very satisfied. At this moment, I will continue in the struggle for consensus.

Together, my wife, kids, and I will again have a very tiring and agitated evening, but I do it for the benefit of this country.

Thank you very much; forgive me. [applause]

Troops Surround Acting President Espina's Home

PA0206210793 Mexico City NOTIMEX in Spanish 2045 GMT 2 Jun 93

[Text] Guatemala City, 2 Jun (NOTIMEX)—Troops surrounded the home of acting Guatemalan President Gustavo Espina Salguera, who took over when Jorge Serrano Elias "abandoned" the presidency on 1 June under military pressure. Antulio Castillo Barajas, the political affairs secretary of the presidency, stated that Espina will not resign from the position of vice president, which he held up until 1 June, and will remain as acting president of the Republic. Castillo Barajas said he did not know of the whereabouts of Defense Minister Jose Domingo Garcia Samayoa, who announced that Serrano Elias had decided to abandon his post.

Human Rights Commission Protests 'New Phase' of Coup

PA0206130693 Madrid EFE in Spanish 1009 GMT 2 Jun 93

[Text] Madrid, 2 Jun (EFE)—The Human Rights Commission of Guatemala (CDHG) "protests and strongly condemns the new phase of the military coup staged by the Army High Command through the defense minister, General Jose Domingo Garcia Samayoa, who ousted President Jorge Serrano Elias.

In a communique sent to EFE, the CDHG says that the actions by the Army, which it describes as "illegitimate and illegal," fall within the context "of the policy of militarization of the state that the Guatemalan Army has been carrying out." The action, the communique adds, "seeks to give continuity to military power and definitely breaks the process of dialogue and negotiations with the rebels (the guerrillas of the Guatemalan National Revolutionary Unity, URNG)." In addition, the communique adds, the military "wants to ensure full protection for the economic interests of the power groups which support the military policies and guarantee even further total impunity for the crimes against mankind committed in the recent past and which are still being committed today."

The CDHG considers that the direct control of power by "the high military command is a new phase of the coup d'etat" Serrano Elias began on 25 May.

According to the communique, Rigoberta Menchu, Nobel Peace Prize winner, has charged "the distraction maneuvers by the Army" seek to make the Army "appear to be the 'savior' of constitutional order," and that the Army has "tried in vain to involve her" in this maneuver. Inasmuch as she has rejected this maneuver,

Menchu says, "she fears for her life and is considering a forced departure from the country," the communique adds.

In its note, the CDHG appeals to the international community so that in each country the respective governments will apply "effective sanctions that will prevent the consolidation of the coup and greater bloodshed" in this Central American nation.

Menchu Holds News Conference, Says Coup a 'Setback'

PA0206180593 Guatemala City Cadena de Emisoras Unidas in Spanish 1650 GMT 2 Jun 93

[Report by Lucy Millon from downtown Guatemala City—live]

[Text] Rigoberta Menchu, 1992 Nobel Peace Prize winner, on 2 June held a news conference in which she voiced her concern over the current political crisis in Guatemala. She said that the 25 May coup, which was planned by the high military command, represents a setback in the achievements attained by the civilian society and even by the Nobel Peace Prize. Therefore, this represents an attempt to return to the past.

Likewise, Menchu said that the actions by the military carried out on 1 June consummated the coup d'etat that was planned in agreement with the leaderships of the political parties, some business groups, some private associations, and several private individuals. She pointed out none of these represent the workers' groups or took into consideration the various sectors of the civilian population, which have declared a permanent session as of 25 May in an effort to contribute to the search for a solution to the problems.

She also said that in the face of this situation, the Nobel Peace Prize winner has worked hard to obtain agreements with various sectors of the Guatemalan society, voicing the feelings of many groups. Rigoberta Menchu said that these efforts were all in vain.

She added that in the face of this situation, all she can do is denounce and disavow these actions that continue to make evident the military's arrogance and role over civilian society, instead of establishing bases for an agreement that will bring about an agreement in the country and stabilize the country, [words indistinct] greater confrontation and worsening of the national crisis.

In the face of this grave situation, Rigoberta Menchu voiced her hope that Jorge Serrano Elias and the others who cooperated in staging the coup be brought to trial, following all of the provisions of the law.

Likewise, she also called for the dismissal of the defense minister, the chief of the presidential general staff, and the chief of the general defense staff, saying they all caused the coup and are accomplices in the coup that has broken the constitutionality of the state.

I cannot be part of this process of reconstitution, Rigoberta Menchu said. She also asked for a purge of the deputies in Congress, the summoning of the political parties' leaders, the reestablishment of all human rights as well as individual and collective guarantees established in the Constitution of the Republic of Guatemala, and absolute respect for the safety and freedom of actions of the leaders of people's organizations and democratic institutions within the country.

And by the way, speaking of people's organizations, a demonstration left 10 minutes ago from the National Palace, led by the people's and trade union organizations of the country. Apparently, they are planning to meet at the Congress where the leadership has met with the wing leaders. We are going to be alert, waiting for the departure of the wing leaders and Jose Lobo Dubon, the congress president who was reinstated.

Rigoberta Menchu also called for the unity of all organized sectors of the people of Guatemala, and for civilians to voice their feelings and defend their achievements, while remaining firm in the search for a solution to the vital problems of the country's crisis as a basic condition for generating democratic solutions through a broad consultation with the people.

Supreme Court Justices To Remain at Posts

PA0206193093 Guatemala City Cadena de Emisoras Unidas in Spanish 1807 GMT 2 Jun 93

[Statement by Supreme Court Chief Justice Juan Jose Rodil Peralta in Guatemala City on 2 June—read by Rodil Peralta]

[Text] I, the president of the judicial branch, on behalf of the Supreme Court, whose members are with me here now, hereby make the following public statement to the people of Guatemala:

First, in accordance with Transitory Article 21 of the Constitution of the Republic, the Constitution never ceased to be in effect, even during the recent situation of force. Therefore, the branches of state, which the president attempted to dissolve, were never in fact dissolved; not the Congress, the Constitutional Court, the Judicial Branch, or the Supreme Court of Justice. This situation of force simply made it impossible for us to work at our official location for five days. We were forced to work at locations other than this building. Once the situation of force dispersed the Supreme Court, not needing to be convened or to resume its duties, the Court has begun work at its official seat again, in this building, the judicial branch palace.

We would also like to make it absolutely clear that once the Constitution is in effect again fully, no tribunal, no court, and no Guatemalan Government entity may assign itself any authority or rights other than those

expressly stated in the Constitution of the Republic or the law. This means that the next steps we must take in Guatemala to reestablish all institutions and officials must be taken in strict and absolute adherence to the Constitution of the Republic. After seeing Guatemala emerge historically from a black hole, it would be a serious mistake to fall into another coup d'etat legalized by a court or government entity which has appropriated authority the Constitution does not grant it, so becoming an arbitrator, above the Constitution. For there to be democracy and for the state of law to be respected, we must respect the Constitution. The Guatemalan Army has completed its mission. The Guatemalan Army has respected the Constitution of the Republic and the oath it took to defend it.

'Mountain Officers' Propose Mixed Junta

PA0206212293 Mexico City NOTIMEX in Spanish 2018 GMT 2 Jun 93

[Text] Guatemala City, 2 Jun (NOTIMEX)—The self-named Mountain Officers [ODLM], whose existence is questioned by the Guatemalan Army, on 2 June proposed appointing a three-person junta, made up of two soldiers and one civilian, to replace former President Jorge Serrano. In a communique to which NOTIMEX has access, the officers proposed a viable, just, and legal way out of the crisis, consisting of five specific points. They indicated that the triumvirate would be made up of two soldiers appointed by the military and a civilian appointed by popular organizations. They said it is necessary to draft a basic government regulation and requested that the country's professional organizations and universities be asked to present nominations for candidates to be elected as ministers of state. They also suggested calling on the Bar Association to select Supreme Court justices and to call elections for a National Constituent Assembly. The ODLM statement comes one day after President Serrano Elias was removed from his post. He was replaced by Vice President Gustavo Adolfo Espina. The communique stated that several politicians, the business sector, and the people have requested ODLM intervention to overthrow Serrano Elias.

Attorney General Orders Legal Action Against Serrano

PA0306011593 Guatemala City Teleonce Television in Spanish 2329 GMT 2 Jun 93

[Statement by Attorney General Edgar Tuna Valladares upon returning to official duties in Guatemala City on 2 June—recorded]

[Text] As my first action, I have instructed the prosecutor general to take legal action against the criminal violators of the Constitution. Legal proceedings were opened on 2 June at the First Court of Arraignment against former President Serrano, Vice President Espina Salguero, and Minister Perdomo Sandoval. Legal proceedings have been opened for the following constitutional crimes: violation of the Constitution, rebellion, inciting the public to rebellion, disobeying presidents of state institutions, abuse of authority, abuse against individuals, abandonment of their official positions and functions, concealing themselves, embezzlement, and misuse of funds.

(?Instructions) have been issued to authorities, to be heeded immediately, to tell these individuals' defense attorneys that these individuals may not leave the country. Instructions have been given to the Comptroller General's Office to report to the authorities on these persons' assets.

Situation Reportedly 'Calm' Throughout Nation

PA0206185693 Guatemala City Cadena de Emisoras Unidas in Spanish 1804 GMT 2 Jun 93

[Text] Calm prevails throughout the country, as our correspondents report. They pointed out that all activities are normal, stores and factories are operating, and everything is calm.

Likewise, in Guatemala City, the people are moving about as any other day, as if absolutely nothing had happened recently. Commercial, industrial, banking, and transportation activities continue in a routine fashion, setting aside the political problems of the country, that logically affect all sectors.

Some businessmen said they are pleased with the change of government, and they harbor hope and faith that democracy will be restored in order to obtain the development of the nation.

Nicaragua

President Chamorro Supports Deportation of Spaniards

PA0306015693 Managua BARRICADA in Spanish 1 Jun 93 p 5

[Article by Maria Alicia Talavera]

[Text] President Violeta Chamorro denied on 31 May she had signed a decree canceling the Nicaraguan citizenship of the three Spaniards who were deported by her government over the weekend of 29 to 30 May.

Prior to the government minister's news conference, President Chamorro said she "did not know who had invented" the story about the decree. "The granting of citizenship to such people is one of the irregularities that happen in this country. These are matters that I inherited, matters that we Nicaraguans have inherited. Many persons came to this country, they lived here, and to finish off even passports...."

A presidential source said that the turn over to the Spanish authorities of the three citizens, of Basque origin, "was not in exchange for anything."

Although the Government Ministry obeyed orders in carrying out the deportations, it was believed that there was uneasiness in the president's office because no authority from the Government Ministry had "faced up" to the decision by explaining it.

With regard to the citizenship of the deportees, President Chamorro said: "I am not saying they are Nicaraguans, they are true Spaniards. I do not know where they are from," pointing out that with the changes in the world, many have also changed their nationalities.

President Chamorro noted that the Spanish Government had ordered "the return of those gentlemen because they are fugitives in Spain."

Deputy Presidency Minister Jos. Adan Guerra said the annulment of citizenship of the three Spaniards was carried out "in keeping with the law currently in force." According to Guerra, this can be done "when it can be demonstrated that the citizenship was acquired in an irregular fashion."

Guerra explained that the annulment of citizenship is not done by executive decree. It is done in keeping with the law currently in force, administratively by the corresponding institution, the Government Ministry's Immigration Department.

According to Guerra, "this allows us to review citizenships because we do not want Nicaragua to be a haven for terrorist refugees or for persons who are alien to our ways. We want to live in peace and we do not want situations such as that of Santa Rosa," he noted.

Chamorro Denies Perez Gave Large Aid Amount

PA2805174693 Managua Sistema Nacional de Television Network in Spanish 0230 GMT 27 May 93

[Statement by President Violeta Chamorro on her relationship with Venezuelan President Carlos Andres Perez; place, date not given—recorded]

[Text] Carlos Andres Perez is an old friend of ours. I say us, although Pedro is dead, because we met in Costa Rica in 1957, as you well know, and we used to trade sewing machines and such to help out. That friendship never ended. I would like to say that Venezuelan President Carlos Andres Perez always fought for democracy in Nicaragua. I would like to say that President Carlos Andres Perez did not use the millions to help this country, as some are saying. I would also like to say that President Carlos Andres Perez, as well as Herrera Campin and many other Venezuelan presidents and institutions, have helped Nicaraguan democracy but with pennies and dollars, not with millions as they say, just as they helped Sandinism.

Army Reopens Border, Seize Customs Checkpoints

PA2805201493 Managua BARRICADA in Spanish 27 May 93 pp 1, 6

[Report by Carlos Garcia]

[Text] Army troops and National Police officers on 26 May opened the northern and southern borders by taking over the customs checkpoints in Penas Blancas and El Guasaule, and at Augusto Cesar Sandino International Airport. Customs General Director Guillermo Ruiz announced that there is no possibility of negotiating a salary adjustment as demanded by workers.

On 26 May Ruiz said the military will continue to protect customs offices throughout the country as long as the labor strike persists. He insisted that the indexing of salaries demanded by workers "would weaken the national economic plan, which is focusing at this time on the beginning of the agriculture cycle."

To adjust salaries per the union's demand would be like diverting resources earmarked for agricultural production to pay the salaries of those workers who are the highest paid in all the government, Ruiz stressed.

According to the official, customs officials earn an average of 2,000 cordobas, taking into account additional benefits they receive from the institution.

Carlos Calero, a leader of the Customs Workers' Labor Union, reported that in Penas Blancas and El Guasaule riot police violently occupied the customs offices, injuring labor leader Esmilton Garcia Fajardo, who was reportedly taken to an unidentified hospital.

In El Guasaule, Calero said, police broke the vehicle control "cross arm," thereby permitting the uncontrolled entry and exit of merchandise. In Managua two workers were slightly beaten. Calero identified one of the workers as Maria Helena Escobar.

Despite the fact that the checkpoints at Penas Blancas and El Guasaule, and the air terminal in Managua were opened, other customs offices remain closed. It was reported from El Espino and Las Manos that workers have begun to stop even the entry and exit of perishable products, causing heavy losses to national and Central American businessmen.

At the border checkpoints that were opened by the Army, most Central American truckers remain near the border for fear of being victims of possible looting and robberies.

The labor leader reported that the National Police on the evening of 25 May captured Felix Gaitan, a driver for the Customs General Directorate main office, who remains under arrest at Police Station VI, accused of robbery with violence.

According to the Customs General director, Gaitan committed the offense of taking a bus owned by customs

and breaking down two security gates. Workers said that Gaitan only met his obligation to drop off customs officials at their homes following the night shift.

Calero asserted that Gaitan is diabetic and suffers from hypertension, adding that he holds the government responsible should Gaitan suffer from a health crisis while in jail.

The labor leader concluded that the strike will continue until the government decides to sit down and negotiate the 20 percent salary adjustment.

Government Requests International Human Rights Survey

PA2905144993 Managua Radio Nicaragua Network in Spanish 1100 GMT 29 May 93

[Text] President Violeta Chamorro's government, through its Foreign Ministry, has invited the international community to verify that the human rights of Nicaraguans are being respected and to attest to the correct implementation of Decree 30-93, which suspended constitutional guarantees in 14 municipalities of the country's northern departments.

This measure was adopted in compliance with Nicaraguan Government commitments to consolidate peace, human rights, and to strengthen the Judicial Branch.

The international community must corroborate that the government's actions are necessary and that they are being implemented in a framework of respect for the people and the law. They must also verify that in some municipalities it is appropriate to implement the decree that partially suspends rights and guarantees.

A Nicaraguan Foreign Ministry note states: The government has determined that it is appropriate to invite Cardinal Miguel Obando y Bravo and Dr. Santiago Murray, general coordinator of the OAS International Support and Verification Commission, to form part of the tripartite commission and to join these efforts for the benefit of national stability.

Recontras Attack INE Substation in Yalaguina

PA0206173693 Managua Radio Ya in Spanish 1100 GMT 31 May 93

[Text] A group of recontras led by Commander Pantera fired on a Nicaraguan Institute of Energy [INE] substation on 29 May in Yalaguina, Ocotal, with rifles and RPG-7 rocket launchers. Lieutenant Colonel Ricardo Wheelock, the Army spokesman, reported that a 15-kilowatt electric transformer and the substation's control equipment sustained considerable damage during the attack.

The attack, carried out by approximately 15 recontras led by Commander Pantera, occurred at approximately 0400 [0900 GMT] on 29 May. The damage sustained by the INE substation left a large area of the country's northern zone without electricity. According to an INE communique, the area is located between Somoto, Ocotal, Yalaguina, Condega, and Pueblo Nuevo.

The INE had initially attributed the attack to an unidentified airplane but this was denied by the Army. Energy was restored on Sunday 31 May through the Santa Clara, Ocotal, substation—which is now linked with to damaged substation's circuits.

INE authorities and technicians arrived in Yalaguina on 31 May to assess the damage and begin work to repair the equipment.

This represents the second recontra attack on public service facilities. A Nicaraguan Telecommunications and Postal Services Institute tower in Esteli was destroyed on Thursday, 27 May, leaving Central America and northern Nicaragua without communications.

* Concern Over DEA Office Expressed

93CA0116A Managua EL NUEVO DIARIO in Spanish 29 Apr 93 p 4

[Editorial: "The DEA and Our Sovereignty"]

[Text] One of the by-products of the change in government that took place three years ago in Nicaragua was the appearance of drug trafficking.

It is not that cocaine was not used here, but the problem was minimal compared to the 300,000 users there are today, according to a statement issued by the Patriarch Foundation a few days ago.

The problem arising out of the emergence and evolution of this apocalyptic scourge is that it threatens not only to destroy our youth, but also to seriously undermine our national sovereignty.

The latter assertion stems from the actions of the infamous DEA on our territory, unbeknownst to our authorities. It plans to set up a station here, ostensibly to combat drug trafficking.

And it is not that the DEA does not fight drug traffickers, but it also carries out activities that contradict the purpose for which it was formed. For example, during the last decade, it exploited counterrevolutionaries by involving them in the drug business to obtain money to invest in the war of aggression, on orders from the Central Intelligence Agency.

The DEA has the audacity to mistrust the Latin American police forces while it gives them plenty of reasons to mistrust it.

It is so dishonorable that it has reneged on commitments to advise our police force and lend technical support because it is suspicious of the police's "communist origin," according to one of its officers of Mexican descent.

On that pretext, it is trying to create its own agency, under its direct responsibility, with personnel recruited by it and answerable only to it.

If we add to this the fact that it enjoys extraterritoriality in its functions, based on laws of its own country that violate local laws, the result is that we would have a military intelligence organization stuck in our ribs.

Moreover, our own authorities rarely offer any resistance when it comes to the interventionist tendencies of American politicians, so the danger to our country is obvious.

We have a drug problem, and we need cooperation to combat it. That aid is of mutual benefit to us and the United States, which needs to cut off the sources of supply to its territory. But everything should be done with respect for our sovereignty.

* Stronger Economic Reactivation Plan Needed

93CA0113B Managua BARRICADA in Spanish
16 Apr 93 p 13

[Editorial: "A More Aggressive Package Needed"]

[Text] The steps announced a few days ago by the economic ministers, in the afterglow of the success in the Paris Meeting, have left the business community with a strong feeling of improvisation. In announcing administrative fiscal policy decisions not backed up by the appropriate legal decrees, the government is starting off on the wrong foot. This generates uncertainty and lack of confidence in the seriousness of these steps since, as has happened before, afterwards come the corrections and contradictions among laws.

It would have been better to have thought more before introducing the package, but obviously the government was eager to send a signal to international organizations and national producers of its interest in concentrating on production.

In fact, these measures do entail a serious recognition by the government of the grave problems impeding production, and the majority of these are steps in the right direction. However, they do not go far enough, both in the limited impact they will have on stimulating production, and also because their coverage benefits a small group of businessmen, and does not touch the soul of production, which consists of small and midsized producers.

In this sense, the government's package is too timid, and does not meet expectations about the need for an aggressive package—a real economic shakeup—to face the challenge of the next agricultural season. Generalities were stated about the amounts of credit available, though nothing was said about details of credit policies and interest rates, information which producers are demanding.

Moreover, the fiscal package combines some important steps like the expansion of the list of luxury goods, with others that are merely cosmetic. Take a look at some examples:

- The reduction in the advance payment of the IR [Income Tax] from 3 to 2 percent. This will help to revive businesses that are being drained of capital by the treasury, though in an economy with minimal inflation, it is still an aberration to impose this sort of withholding, no matter what its percentage.

- The 15 percent exemption from the IGV [General Sales Tax] on plants, fruits, and vegetables merely corrects an absurdity. In reality, the government is eliminating a tax that in practice it was never able to apply.

- The elimination of 15 percent [taxation] for certain imports and services that have an impact on production is positive, but its scope is limited to a select group of activities.

In summary, the key problems that are impeding production: lack of liquidity, high interest rates, and an excessive tax burden on production and services were not dealt with. We insist: a package of in-depth steps is needed so that the entire country may begin to speak the language of production.

* Quadrilateral Agreement Considered First Step

93CA0116D Managua BARRICADA in Spanish
23 Apr 93 p 14

[Editorial: "A Step Forward to...Where?"]

[Text] The integration of Nicaragua into the so-called Triangle of the North, now the "quadrilateral," is an extremely significant step, given the short- and long-term repercussions it will have in all aspects of national life, especially trade, finance, and migration.

The government's audacity in taking this step forward should be acknowledged. There is no doubt that for this country, it is better to plunge right in to the risks involved in the inevitable Central American integration, rather than waiting until things have come to such a pass that we are forced to make the move when we are at a greater disadvantage.

Nevertheless, just because the Managua Accord came as no surprise, that does not mean that the economic agents have the necessary information to participate actively in that integration process.

Although government officials may deny it, the government made a unilateral and impulsive decision to join the economic integration process promoted by Guatemala, El Salvador, and Honduras.

The "temporarily preferential and asymmetrical treatment" proposed by Nicaragua and accepted by the signatories to the Managua Accord will not be enough if the government itself does not take the necessary steps to

emerge from its isolation and get business, trade associations, and unions involved in the national effort that this move requires.

If we want to make sure this step forward is not a step toward the precipice, the economic agents of Nicaragua must play a role similar to that played by agents in the other countries participating in this initiative. The government cannot continue regarding them as mere objects of economic policy; it must understand, once and for all, that they are the keys to the success of that policy.

The conditions for "temporarily preferential and asymmetrical treatment" should be determined on the basis of an extensive consultation with those who will be expected to implement regional economic integration so that a consensus can be reached.

In this regard, it is up to the government to support the economic agents to reduce the relative disadvantages Nicaragua will face as it joins this process, and to boost the advantages the country has. This means promoting a program of industrial reconversion that will benefit large, medium, and small businesses with credit and technical assistance programs so that they can gain ground rapidly.

The same is true of the agriculture-livestock sector, in which we have more potential than any other country in the region. This potential could be wasted, however, if the step taken by the government does not include measures that will enable all producers, be they large or small, to operate on an equal footing with their counterparts throughout Central America.

The process should have been similar to that proposed by the Declaration of Nicaragua, which calls for the creation of a National Commission representing all sectors, to make regional political integration a "pluralistic and democratic expression of the peoples of the region."

Only in this way can economic integration also be a step in the right direction.

* Leather Industry's Impact on Economy Noted

93CA0116B Managua BARRICADA in Spanish
30 Apr 93 p 11

[Commentary by footwear industry artisan Julio Cesar Molino Cardoza]

[Text] In a recent article, Ivan Aguilar Cassar, owner of the Bataan Tannery, asserted that "any development policy for this sector must begin by allowing sufficient time in negotiating exceptions in the treaties to which we are signatories."

It is encouraging to read news items about the leather and shoe industry, since leather, a by-product of the meat industry, is the beginning of a production chain that includes large, medium, and small industries as well as cooperatives that produce shoes, saddles, harnesses, sporting goods, headstalls, etc.

Leather is truly a domestic industry, but it is totally unprotected. According to government statistics, in 1992, 323,753 cattle were slaughtered; approximately 60 percent of the best hides were exported as cured leather, and the domestic industry was left with the poor quality hides.

No other country can export cured leather, and when it is done, there must be quotas established by the government and the Tanners Association.

Third World countries such as India, Bangladesh, Pakistan, and some African countries stopped exporting this product many years ago; the loss of value added is so great that the move is justified. In Nicaragua, the leather industry's value added is 73 percent. According to the Central Bank of Nicaragua, the gross value of finished leather production grew by 15.7 million gold cordobas in 1990, by 19.9 million in 1991, and by 24.9 million in 1992, yielding a growth rate of 23 percent.

But today tanneries are being hit hard by the oligopolistic leather prices set by large-scale slaughterhouses. These prices affect the entire chain of production, and small businesses that use leather as their principal raw material are feeling the crunch. The logical thing to do would be for the Economy Ministry to revise the cost structures for raw leather and regulate its price.

Last Place in Central America

A reduction in leather prices would have a positive effect on tanneries' costs, since leather represents approximately 52 percent of overall costs. As a result, small producers would use more leather and less synthetic material.

With regard to shoe production, we can point out that in the 1970's, Nicaragua produced 5 million pairs of shoes, of which small-scale factories accounted for 39 percent. Twenty years ago, Nicaragua was the leading shoe producer in Central America. Today, we produce just 2 million pairs.

Some significant data will shed light on this question:

Country	Millions of Pairs per Year
Guatemala	14
El Salvador	12
Costa Rica	4.5

Source: Economy ministries of aforementioned countries

The leather and shoe sector contributed 1.15 percent of total manufacturing production in 1992, with shoe production accounting for more than 80 percent of that. In 1986, this sector provided 8,775 jobs in 1,846 businesses, of which 85.1 percent were small-scale.

Mistaken Policies

Shoe manufacturing is the most important subsector in the economy in terms of jobs and value added: It generated 83.02 percent of the manufacturing sector's value added in 1992. Small-scale shoe factories accounted for 51.4 percent of the subsector's gross productive value (VBP) in 1986, and 47.15 percent of its value added.

The large proportion of value added can be seen in the cost structures. Shoe factories account for nearly 40 percent of the raw materials costs in the country, and they generate between 27 and 44 percent of wages (this figure does not include the payment of taxes or rent or the purchase of other services in the economy, according to CONAPI [expansion not given]).

According to the bulletin ECONOMIA Y DESARROLLO published by the MEDE [expansion not given] (November 1992), "Since 1990 the objectives of the national development plan have included the promotion of rapid and sustainable economic growth, based on a broad foundation and with an emphasis on small businesses."

If this were true, the government would have defined economic policies for achieving these objectives. The policies it has adopted, in contrast, have had a disastrous effect on small-scale industry. Small industry is somehow managing to produce goods despite the lack of liquidity and credit, obsolete machinery, smuggling, the depressed market, high taxes, poor quality raw materials, the lack of industrial development incentives, and the absence of technical assistance.

Panama

Police Disperse Transport Workers Demonstration

PA0206201593 Panama City Telemetro Television Network in Spanish 1730 GMT 2 Jun 93

[Text] After transportation workers announced they were going to return their operator permits to the president of the Republic, the police set up roadblocks along the Panamerican Highway and in the capital city to prevent them from bringing their vehicles into Panama City. Having been prevented from driving their vehicles downtown, the transport workers gathered at the headquarters of Union of Public Transportation Drivers [Sicotrac], on Cincuentenario Avenue in Rio Abajo neighborhood, from where they were planning to begin a march along Espana Avenue. Riot police intercepted and dispersed them.

The riot police used tear gas to break up the gathering, as seen here. By so doing, the government has made it clear that it will not allow the public roads and highways to be blocked, which only harms third parties. Thus, the first attempt to carry out a demonstration march was dissolved at the crossroads of Espana and Cincuentenario Avenues in Rio Abajo. The union members have returned to the Sicotrac offices to decide what steps to take next in this strike, which is now three days old.

Endara Address on Transportation Strike

PA0306022093 Panama City Radio and Television Networks in Spanish 0000 GMT 3 Jun 93

[Speech by President Guillermo Endara on the transportation workers strike, at the presidential palace in Panama City—live]

[Text] Fellow citizens: As President of all Panamanians, I hereby address you because it is my duty to report directly to you on my government's stand regarding the conflict created by the transportation leaders. It is time to call things by their proper names and tell the truth, without confusion or demagoguery.

The problem is very clear. For many years, the transportation leaders enjoyed excessive privileges, which they did not win through work and sacrifice, but received only in exchange for their unconditional support for the dictatorial government of that time. That government needed these leaders to keep the population under control in times of crisis. It was a marriage of convenience. This situation, although irregular, could have been put up with if at the same time passengers had received good or at least satisfactory service. But the reality was and still is different. We are all witnesses to the fact that the transportation service in this country could not be worse. We all know that passengers suffer this lack of social awareness every day.

In the face of this reality, a timely law was approved whose purpose it is to bring order to an activity that constitutes a public service. This law was debated for nearly three years with the full knowledge of the population and with the application of all the consultation procedures stipulated by a democratic government. This law is not the result of a sleight of hand, as in the past. Everyone knows that the interested parties were permitted to express their opinions on and contribute to the debates. This law protects the passenger and the citizen who may be harmed by any public transportation vehicle.

Among many other things, the law eliminates bus noise, the exhaust pipe extensions that cause such a tremendous racket; establishes mandatory insurance to protect those luckless citizens who fall victim to accidents with buses; protects the bus drivers, incorporating them into the Social Security Fund and putting them under the Labor Code; and demands that bus owners keep their vehicles in good condition for their passengers' convenience and safety.

It is not true that the bus owners' fundamental rights have been violated. The bus owners have nothing to fear of the law, its regulation, or its enforcement. If the bus owners obey the law and offer the decent and safe service that the passengers deserve and demand, they will be

able to go on making a living with no trouble at all. They should understand clearly, however, that public transportation is a public service, established to serve those who need it. This is how the government understands it and this is how the law will be enforced. The bus owners, incited by their leaders, are subjecting the people to an undeserved hardship. Average citizens who want to go to work must now double their efforts to do their duty. By doing it, however, they are earning the respect of those who have abused them for a long time.

I want to call on all businessmen and bosses to be tolerant with their workers during these difficult times. I also want to ask those are indeed providing public transportation services to show their solidarity with their countrymen and by not overcharging their passengers. It is a time for human solidarity and support among conscious Panamanians.

I have instructed the National Police to guarantee free and peaceful transit along our streets, avenues, and highways. It is one of a Panamanian's constitutional rights. They have also been instructed to protect those transporters who we know want to go out to offer their services. But, faithfully fulfilling their duties, the public force will not permit the movement of buses without passengers that are obviously intended to block streets and prevent the free transit of the rest of the population.

The government will continue to take the temporary measures it may deem appropriate to overcome the situation in the next few days. Up to this moment, over 1,000 operating permits have been granted, and over 600 requests are now being processed.

For its part the government is offering—as much as it is able—free transportation in official vehicles. But I must point out that if the current situation continues without a hint of a solution for passengers, within a fixed period of time the government will find it necessary to take other, permanent measures.

I want to take advantage of this occasion to state my gratitude for the calls and messages of support and encouragement I have received at the Presidency of the Republic. Literally hundreds of persons state their support every day and urge us to maintain this decided and firm position, which no dictatorial regime dared to take in the past.

We live in a democratic system, a state of law. Forceful and violent methods have no place in it. The law is to be fulfilled and respected. And, as long as it remains that way, no one has anything to fear. If someone wants to modify a legal disposition, democracy has the mechanisms by which to do it. Democracy does not allow a minority to impose its will over the majority who do not agree. This confrontation can be solved immediately through the suspension of the strike decreed by the leaders of the bus owners. They have the legitimate avenues granted under the law to continue their efforts to attain their objectives, if they so decide. My government does not oppose their continuing on that legitimate path, which proves their respect for the rights of others.

I want, as all my fellow countrymen want, this conflict situation to be overcome as soon as possible so that the country may continue to progress for everyone's benefit.

In the meantime, in spite of the clearly planned provocations by the transportation leadership, we will do our duty to maintain public order and enforce the Constitution and the law.

May God bless you. Thank you and good night.

Government Denies Violating Immunity of Cuban Embassy

PA0206231493 Panama City EL SIGLO in Spanish 1 Jun 93 p 18

[Report by Jose Gonzalez Batista]

[Text] Government and Justice Ministry authorities have denied charges by the Cuban Embassy of alleged violations of its diplomatic mission during an "operation against security agencies" conducted last week against those agencies that did not meet the requirements established by law.

Public Security Department Director Jose Nelson Brandao denied in a statement that any of his staff entered the diplomatic mission. The Cuban Embassy version is inaccurate, the statement warned, adding that any diplomatic mission anywhere in the world has to try to abide by the laws of its host country.

Early last week, Government and Justice Ministry officials, in coordination with personnel of the Police Investigation and Information Department, raided approximately 60 security agencies to check for compliance with existing legal operating requirements. Weapons of different caliber were seized, and those agencies that were not complying with the law were closed.

According to a note sent by the Cuban Embassy to the Panamanian Foreign Relations Ministry, Panamanian police allegedly entered the mission to disarm the security agents guarding the building, and thus left the Embassy unprotected. Brandao indicated the security guards were disarmed in the street and not in the Embassy yard. He added that the guards were disarmed by the agency's owner and not a policeman, as was reported.

PRD's Gonzalez Says Treaty Renegotiation 'Possible'

PA0206231393 Panama City LA ESTRELLA DE PANAMA in Spanish 1 Jun 93 p36

[Report by Esperanza Navarro Francois]

[Text] Legislator Gerardo Gonzalez of the opposition Democratic Revolutionary Party (PRD) has stated that the renegotiation of an agreement with Panama that will permit the presence of the Southern Command beyond the year 2000 is possible with a democratically elected government, a government with international recognition.

Gonzalez stressed: "The renegotiation of the bases in Panama is only possible with a democratically elected government. Any other agreement would have no validity."

Gonzalez made this statement after nine U.S. congressmen, headed by Philip Crane, presented a resolution to President Bill Clinton calling for the permanent presence of U.S. bases in Panama.

The resolution asked Clinton to negotiate a new agreement with the Panamanian Government that will allow the bases to remain beyond the year 2000 and allow the United States to act independently to protect the canal.

According to Aquilino Boyd, former Panamanian ambassador to the United Nations, Clinton will respect the letter and spirit of the Torrijos-Carter Treaties signed on 7 September 1977.

He said that just like Jimmy Carter received advice, Secretary of State Warren Christopher will advise Clinton to respect these agreements.

Part of the basis for this resolution is that Panama "has a history of unstable governments, which implies a threat for future Panama Canal operations and for the United States."

The resolution notes that since Panama dissolved its Defense Forces and has no army or other force capable of defending the canal, it is vulnerable to any internal or external attack.

According to Gonzalez, such a congressional proposal is not surprising because the invasion was carried out to destroy nationalist forces and perpetuate the U.S. military presence on the isthmus.

Minister Alfaro Presents Request To Join GATT

PA2905141693 Panama City EL SIGLO in Spanish 28 May 93 p 12

[Text] Commerce and Industries Minister Roberto Alfaro has formally requested that the Republic of Panama join the General Agreement on Tariffs and Trade (GATT).

Arrangements between Panama and GATT to further this endeavor started as soon as the minister presented Panama's request to join the organization.

The Panamanian Government has appointed Carlos Ernesto Gonzalez and Alejandro Ferrer as its coordinators. They will run the GATT office in Panama. The government also appointed Lilia Carrera as its delegate at GATT in Geneva.

Minister Alfaro presented Panama's request to join the international organization to GATT Director Ake Linden in Geneva.

Article Summarizes Foreign Debt

PA0306045993 Panama City LA PRENSA (EL PARLAMENTO supplement) in Spanish 31 May 93 p 9

[Report by Alina Guerrero]

[Text] Panamanians resent the fact that millions of dollars are being diverted from the country's public finances to renegotiate foreign debt with the international financial institutions (IFI's) to the detriment of the social works needed in the country. The government set out to "order" those debts on a priority basis in 1989.

Panama's current government has still not been able to obtain any credit because of its vast payment deferrals. The Inter-American Development Bank [IDB] gave Panama a credit of $1 billion but only for the next five years.

"One of the most serious aspects of the public debt is the accrued obligations among government institutions...everybody owed everybody...debts everywhere for huge amounts," Comptroller General Ruben Dario Carles stated.

The government was unable to clean up its overdue debts, which amounted to $1.261 billion, by the end of 1992. The government also confronts a huge, undocumented, internal public debt, which has a $931.74 million overdraft at the Panama National Bank [BNP]. It has $180 million in pending past due invoices with creditors, owes government employees $90 million in unpaid labor benefits, and owes another $1 billion to the Social Security Fund and the BNP.

Interinstitutional obligations amounted to $212 million in 1992.

In 1992, Panama's debt amounted to $7.259 billion, the highest per capita debt in the world. According to the 1990 census, each Panamanian owes $3,116. Approximately 35 to 45 percent of government income is used to service the public debt.

Carles justifies the payment of thousands of dollars to the IFI's because "a responsible government has to acknowledge its debts...we cannot say we will pay this part of the debt because a school was built with it but will not pay this other part because the money was squandered in a useless investment."

The government canceled overdue payments worth $685.9 million from 1987 to 1989. The payments were made using $130 million donated by the United States and $3 million by France.

Agreements were reached with the IMF for $85.2 million; with the World Bank for $58 million; with the IDB

for $50 million; with Japan for $34.2 million; and with Taiwan for $20 million—for a total of $247.4 million.

This means the $247.4 million were renegotiated, $133 million were received as donations, $171.2 million were taken from the national treasury, and $134 million were taken from the funds frozen by the United States, which has generated $305.5 million in interest.

There is a $730 million debt with the IFI's. The IFI's are comprised of the IMF, the IDB, the Paris Club, and the oil debt with Mexico and Venezuela.

The BNP announced in 1984 it could not cover interbank deposits. The $850 million debt was renegotiated in 1985 and the document became the Money Market Facilities Agreement. The government stopped paying its installments and credits in 1988 after the U.S. Government's sanctions against Panama.

According to Luis H. Moreno, general manager of the BNP, Panama's foreign debt is "a very complex and extremely critical" matter.

"Panama is preparing a position; it is examining a series of alternatives to propose what is called a specific position," he said.

Commercial foreign debt is $2.4 billion with an extra burden of $1.2 billion in interest that has not been paid in the past five years.

For the past three years Panamanian authorities have met with creditor banks and pledged to create a trusteeship to have funds available so Panama may receive some monetary support at the time of the negotiations.

Negotiating authorities faced their most crucial moment in December 1992 given the debt's possible lapse, which could have entailed lawsuits for breach of contract. Panama managed to come out of this situation well by signing a "declaration of recognition" of its commercial debt.

Moreno said negotiations with commercial banks "started on a more serious note" in March 1992, given the change of Banks Committee. Citibank is currently chairman and the Bank of Tokyo is vice chairman, and they represent 225 creditor banks.

According to Moreno, the debt must be considered from three angles: an in-depth analysis of the government's capacity to pay; a reduction of the debt; and the exchange of instruments, which is usual in negotiations with Latin American countries.

Panama, the Dominican Republic, Peru, Nicaragua, and Ecuador are the five Latin American countries that have failed to renegotiate their debt.

The Panamanian negotiators told the Committee of Creditor Banks (commercial debt) that "the initial cost at the closing of an agreement would be a very heavy burden for Panama," Moreno stated.

"One of the alternatives entails a $227 million disbursement for Panama, at the closing of the negotiation, with subsequent annual payments in the first three years. This is a very serious commitment that would involve a reduction of the debt," he explained.

Moreno indicated this alternative would mean proposing a reduction based on the purchase of the debt or a change based on a discount of the debt's nominal value.

"That would be done within what is known as the Brady Plan. In order for creditors to feel encouraged or attracted to the debt reduction, which could be from 30 percent to 35 percent, the proposal would have to be accompanied by a guarantee in the form of U.S. treasury bonds (zero coupons bonds) as in previous negotiations," Moreno stated.

This zero coupon bond work this way: the debtor government makes an original investment that is proportionally reduced and at the end of 30 years, when the debt ends, that amount will become the total payment of the balance that remains following the reduction.

"These are complex things... but if the guarantee is purchased that would mean not $227 million but $400 million to Panama, and when the bonds and promissory notes are included, that would mean $455 million that would have to be held at the time of closing an operation, whether it is in six months, one year, two years, or three years," Moreno said.

Panama told the Banks Committee that it wants to begin a negotiation with bonds because that "would mean a smaller [words indistinct].

Moreno explained that Panama is already in the market, through our advisers, "exploring who its creditors are through those bonds, because the secondary market has absorbed an undetermined and incalculable amount of those bonds, which were once in the hands of the original buyers." "The big task" would be to locate those bonds, Moreno indicated. He gave an example: the smallest European promissory notes in the list go from $15 to $16 million. There are over 1,000 holders of those bonds and promissory notes. That is what Panama proposed, but that does not spare it from submitting a formal medium- and long- term proposal to commercial banks.

The situation is getting worse for Panama, the only country that has not kept up to date on the payment of the debt's handling costs at the Banks Committee, nor has it paid the monthly commissions that must be paid to those agencies, which add up to $5 million. "Panama has clearly stated that no payments will be possible in 1993, but that the Executive Branch will include an allotment in the 1994 budget to confront an undetermined debt, for which we have still not yet calculated the interest," said Moreno.

Finance Minister Mario Galindo has said the government's strategy is to "prolong" the negotiation with the

private banks because commercial banks "will not grant any new credit to Panama or any other country for a long time."

Through the San Jose Agreement, Mexico and Venezuela guaranteed the supply of petroleum to Central America after the crisis in the Middle East that cause a reduction of the worldwide supply. Up to March 1993, the situation is as follows: Panama has two debts with Venezuela, one for $4.3 million, the other for $123 million. Panama owes Mexico $117 million. Commerce Minister Roberto Alfaro explained that meetings with representatives of those two countries have already begun and that alternatives are being sought for the renegotiation of the debt.

The Paris Club spawned from World War II and is the forum at which the debts that the European countries, Canada, and the United States have with other countries are jointly negotiated. The only things it settles are the general terms of refinancing; thus, the countries have to bilaterally negotiate the financing with their creditors.

Panama negotiated with the Paris Club in 1985 and 1990. The debt, capital, and interest owed amount to $428 million. Its main creditors are the United States with $288 million, Sweden with $47 million, the UK with $29 million, Italy with $14 million, France with $12 million, Spain with $24 million, Denmark with $2 million, Canada with $2.6 million, and Belgium with $7.2 million. The government has already negotiated bilaterally with each creditor.

There are $191.1 million worth of overdue debts at the Paris Club. In November the government achieved the total refinancing, for a 10-year period, of the overdue debt and the debt that is about to expire, with five years of grace and five years to pay capital and interests in 10 biyearly payments, which must begin in 1997. Previously, the government had to pay overdue interest for $39 million.

Party Rejects Call For Constituent Assembly

PA2905044493 Panama City EL PANAMA AMERICA in Spanish 28 May 93 p 3a

[Report by Juan Pritsiolas]

[Text] Ernesto Perez Balladares, the secretary general of the Democratic Revolutionary Party, PRD, said it would be "absurd" to call a constituent assembly in Panama and warned that political circles "would not allow" such a measure.

The PRD presidential candidate thinks calling a constituent assembly would be "the biggest mistake President Guillermo Endara ever made."

Comptroller General Ruben Dario Carles and several newly formed political parties have called for a constituent assembly to draft a new constitution.

The PRD leader said that nobody with "any common sense" would think a constituent assembly is an acceptable measure.

Editorial Views Trade Conflict With Costa Rica

PA0106155093 Panama City EL PANAMA AMERICA in Spanish 31 May 93 p 4a

[Editorial: "From Words to Deeds"]

[Text] Costa Rica seems to have joined the group of countries that announce market opening policies, while at the same time establishing import restrictions. In a unilateral decision, disregarding all commitments agreed within the context of bilateral free trade agreements and the friendly relations that have traditionally existed between our countries, the Costa Rican government decided to discontinue the issuance of permits to import Panamanian goods.

The measure which, together with the recent decision not to accept the opening of its borders to regional free labor movement within the context of the General Economic Integration Treaty, is evidence that Costa Rica's statements on its leadership in the implementation of free market policies have become merely hollow propaganda when it comes to risking specific interests.

It is not the first time the Costa Rican Government has resorted to the 1979 Free Trade Treaty to solve its balance of payments problems, local labor conflicts, and capital movement difficulties by restricting imports and encouraging exports. Throughout their history, they have adopted restrictive measures such as the implementation of surtaxes, or by demanding initial down payments to importers with the objective of making our products more expensive and thus cause a trade imbalance where Panama would receive the worst part.

On this occasion, Panamanian authorities have no other alternatives than to respond in kind. The whole world has witnessed the patience evidenced by our delegation during the last bilateral treaty talks, as well as the concessions made by our authorities to avoid any breaks considering the frequent pressure attempts by Costa Rican representatives to impose conditions that would harm a fair trade relation even further.

We are sure that if we respond firmly in this case, the Costa Rican Government will pay more attention to the issue which threatens to become a serious obstacle to aspirations to encourage regional trade. It is impossible on the one hand, to present oneself before the world as an example of economic opening by cutting customs barriers, and on the other impose even more restrictive barriers to imports.

Argentina

Government Hopes To Raise 2.5 Billion Pesos From YPF Sale

PY2905164793 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0212 GMT 29 May 93

[Text] Buenos Aires, 20 May (NA)—Economy Minister Domingo Cavallo today said the government's biggest hope is to raise 2.5 billion pesos in cash from the international public sale of Government Oil Deposits (YPF) shares that will take place on 2 July. He said 60 percent of that money will be used to pay retired workers' pensions.

On that date, Cavallo said, the company will sell at least 110 million shares of the 353 million it owns, and if there is enough demand it will sell up to 126 million shares, which means 35 percent of the whole package. He said the initial price of each share will range from 17 to 20 pesos, considering that the company's value is estimated to range from 6 billion to 7 billion pesos.

Another billion that equals YPF's liabilities must be added to the mentioned figures, which means the company might be worth 7 billion to 8 billion pesos.

As for the cash the government expects to obtain from the international public auction, the minister said 60 percent will be for the national government while the remaining 40 percent will be transferred to the provinces.

Cavallo today gave details on the privatization of the most important Argentine company during a news conference in Government House with the presence of the legal, technical, and administrative coordination secretary, Horacio Liendo; and Finance Secretary Daniel Marx.

During the explanation before the news conference, Cavallo said he expected the offers to be completed by 8 July. At the same time, he said, pensioners will be offered the chance to repurchase their debt. The pensioners may choose to receive cash or YPF shares in exchange for Bocones [Consolidation Bonds], which are government securities redeemable at market value in pesos or dollars plus a 15 percent bonus the state will subsidize.

The minister said the government expects to place 58 percent of the shares in the hands of private investors, and he reiterated that company statutes and the board of directors' responsibilities will prevent any "takeover" attempt.

He said the government will have the right to veto any attempt of this kind, and he added that when any investor attempts to buy 15 percent of the shares, the offer first must be made to the other shareholders.

He said the objective is to have many shareholders in the oil company, which he thinks will be transformed into an Argentine company that will carry weight not only for its presence in the capital market and but also for its trade transactions. He added that it also will open doors to future investments in the country.

Cavallo said that "this is the most appropriate moment for an offer of this kind because the oil shares increased their price lately and, besides, June and July are the months before summer vacations in the northern hemisphere."

He said the private investors who will buy the 35 percent of the shares that will be put on sale can have them available whenever they please, that is, they can sell them without any time limit.

Instead, the pensioners who want to exchange their Bocones for YPF shares must wait 24 months to sell them, although the government might authorize the sale of 50 percent of the shares in a year if the evolution of their price in the market is satisfactory.

The economy minister confirmed that on 31 May a minority portion of shares worth 400 million pesos will be placed on sale on the stock exchange.

Whoever buys these share also will be able to sell them whenever they want, but they will receive a 3 percent bonus if they keep them 12 months and 2 percent more if they keep them two years.

During this sale, at which Cavallo will be present, current YPF President Jose Estenssoro will announce the company statutes and the names of the 12 board of director members, three of whom will be foreign businessmen.

It must be recalled that last week Cavallo announced the names of eight of the directors: Luis Prol, Hector Domenicone, Jose Estenssoro, Nells Leon, Mario Pineyro, Miguel Madanes, Carlos de la Vega, and Diego Ibanez.

The minister also said during the news conference that the oil- producing provinces will purchase approximately 11.2 percent of the B-class shares, but they will not be able to sell them on the market for 18 months.

As for the result of this delicate operation the government intends to carry out in the international market, Cavallo said that "the success must not be measured only by the cash we will obtain."

He said that "we must consider that with time, the shares' value will increase systematically, and international markets will be opened for the future sale of the shares of other companies that will be privatized."

State Oil Company Privatization 'Road Show' Kicked Off

PY0206013193 Buenos Aires BUENOS AIRES HERALD in English 1 Jun 93 pp 1, 5

[Text] (DYN-NA)—As the government kicked off its international "road show" to present the offering of shares in the state oil company YPF [Government Oil

Deposits] yesterday, the Radical Party demanded the suspension of the sale until "an independent assets appraisal, the 1992 annual report and the statutes by which the company will be privatized are published."

Economy Minister Domingo Cavallo, presenting the first YPF share offer at the Stock Exchange with YPF President Jose Estenssoro, said that this "is the most important (partial) privatization in the whole state transformation and restructuring process begun by the Carlos Menem administration in July 1989."

The minister said that the process of privatizing state-owned companies has been beset by some "procedural" glitches, but that the government has been "learning and perfecting" the process so that the current YPF privatization "is an example of openness and efficiency."

However, Radical Party National Committee Chairman Mario Losada yesterday sent a letter to President Menem requesting the government not to proceed with the privatization until more financial information is made public so that the operation will have "the minimum openness required."

The letter, sent as Cavallo began the presentation, was written by the Radicals with "the certainty that the government is on the verge of committing serious and irreparable damage to the nation's assets."

Losada asked that the Menem administration act "before it's too late" and pointed out that YPF "has been a fundamental tool in the country's development, operating in an economically strategic sector."

Recalling that the Radical Party has continually opposed this privatization plan, Losada warned Menem that an "inadequate privatization can make room for a private monopoly that could prove to be very difficult to control."

Cavallo, however, told more than 800 banking, industry and trade representatives gathered for the launch, that he doesn't think that "as a result of this we will see economic power concentrated in fewer hands and it is even less likely that we'll see an increase in corruption."

The Economy Ministry will take to the road in the month of June, presenting the first YPF offer to interested investors in more than 30 cities in the US, Canada, Europe and Japan.

The government expects to hold the first national and international bidding, offering a maximun of 35 percent of YPF stock, by the first week of July. The Ministry estimated that shares will sell at a price between 17 and 20 pesos. The offer is scheduled to be for between 110 million and 126 million shares, which will bring between 1.9 and 2.5 billion dollars into the National Treasury.

The government pointed out that last night's big launch was "not a sales offer, not an invitation to make offers to buy or sell the shares, until the public offer has been authorized by the Securities Commission," fulfilling both national and US Securities and Exchange Commission (SEC) requirements.

A YPF company prospectus was submitted to the SEC in New York last week, as the first step in what industry analysts say will be the second largest public offering of shares in all of Latin America. In international terms it has been compared to the recently-held public offering of shares in British Telecom and Telefonos de Mexico.

In mid-June the process for pensioners to sell back their Bocon bonds from the pensioners should be known, as the book-building process, used to determined the price of the shares on the international market, nears its completion. In August, Bocon bonds will be verified and YPF shares will be distributed to pensioners.

National Committee Created To Investigate 'Executions'

PY0306033393 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2315 GMT 2 Jun 93

[Text] Buenos Aires, 2 Jun (NA)—The national government has decided to create a national investigating committee to be entrusted with the task of finding out information on the existence of executions by firing squad of Argentine soldiers during the war over the Malvinas Islands.

This was announced last night by President Carlos Menem to members of the War Veterans Federation, which groups the associations of those who fought against the British in the South Atlantic.

Luis Ibanez, chairman of the federation, said they will only cooperate with the investigations conducted by that committee, and that they will provide no assistance to the mission that Scotland Yard will soon be sending.

Bolivia

Paz Comments on U.S. Veto of Capobianco's Candidacy

PY0206191693 La Paz Television Nacional Network in Spanish 1700 GMT 2 Jun 93

[Text] Bolivian President Jaime Paz Zamora has said that the U.S. Government veto on the candidacy of former interior minister Guillermo Capobianco does not constitute interference in domestic affairs.

U.S. Ambassador Charles Bowers addressed a letter to the Patriotic Accord stating that the U.S. Government is vetoing the candidacy of former Interior Minister Guillermo Capobianco who is running for Congress. MIR [Movement of the Revolutionary Left] President Oscar Eid declined to make any official comments on the issue. Reports from Santa Cruz state that Guillermo Capobianco will not drop out of the elections.

President Jaime Paz Zamora declined to comment on the U.S. Government veto but referred to the former interior minister.

[Begin recording] [Paz] During the time he worked with me, Mr. Guillermo Capobianco's performance was good, so much so that when this well-known problem arose and he realized that his presence in the cabinet would jeopardize or undermine bilateral ties with the United States—a country of great importance to Bolivia—he made the gesture of tendering his resignation.

[Unidentified reporter] Would you guarantee that Capobianco is a hard-working and honest person?

[Paz] As you know I cannot guarantee anything, but from what I know of his work during his stay at the Interior Ministry, there was never any reason not to trust him. Otherwise I would have acted differently, right?

When this issue came up, Guillermo Capobianco tendered his resignation on his own initiative. When I asked him why he was doing this, he told me he did so because he realized his presence in the cabinet could harm U.S.-Bolivian ties and certain programs that are beneficial for our country. [end recording]

The president believes this incident does not constitute U.S. Government interference in Bolivian affairs and that it is merely expressing its concern over Capobianco's alleged ties with drug traffickers. He said people should not confuse the proposals the U.S. Government makes to the Bolivian Government with those made to Bolivian political parties.

Military Unit To Receive U.S. Drug Enforcement Training

PY2905133493 La Paz HOY in Spanish 22 May 93 p 7

[Text] Army Commander-in-Chief General Oscar Escobar Quiroga made it clear yesterday that barely 80 Bolivian Army officers will receive training to form the "Transport Battalion" ["Batallon de Transportes"] whose specific duty will be to provide logistics support to the Special Antinarcotics Force (FELCN).

Escobar Quiroga denied the arrival of U.S. troops to train 500 Armed Forces personnel, as was announced in the media a few days ago.

Escobar Quiroga stressed: "The national military forces will range between 70 and 80 men who will be trained by a small group of U.S. civilian personnel from the factory where the Transport Battalion motor vehicles were manufactured."

In addition to the 80 men, the battalion also will include 80 vehicles with various characteristics, donated by the U.S. Government in accordance with a treaty signed with the Bolivian Government, which, in turn, committed itself to repressing illegal drug trafficking in its own territory.

According to Escobar Quiroga, the "battalion" is almost ready to start drug enforcement. He stressed: "We are just waiting for orders from the appropriate authorities—in this case, the National Council Against Drug Abuse and Illegal Drug Trafficking (Conalid)—in order to begin actions."

Asked about the characteristics of the military forces that will form this group, Escobar Quiroga explained to HOY that most of them are drivers; mechanics; and operations, communications, and administrative personnel; and so on. "In other words, it is not a purely military unit," he added.

The "Transport Battalion" represents the third support force that will participate in the struggle against drug trafficking rings that recently have been trying to control some regions of our national territory. The other two forces are the Bolivian Air Force (FAB) "Red Devils" and the Navy "Blue Devils." They are providing logistic support to FELCN—the FAB through its helicopters and airplanes and the Navy through its units in the eastern Bolivian rivers.

According to the reports supplied by Escobar Quiroga, the U.S. "instructors" will remain in our country between one and two years.

"These instructors will teach Bolivian military personnel how to operate and maintain the motor vehicles," Escobar Quiroga said. Therefore, he made it clear that there is no drug enforcement militarization like some social circles feared.

Defense Minister Denies Military Involvement in Arms Trafficking

PY0106190793 La Paz Radio Fides Network in Spanish 1100 GMT 1 Jun 93

[Text] Defense Minister Alberto Saenz Klinsky yesterday reiterated in Santa Cruz that the military is not involved in the weapons trafficking case.

Foreign Ministry official Norberto Quiroga, who is involved in the weapons trafficking case, has returned from Caracas, Venezuela, where he was working in the Bolivian diplomatic mission. He is currently being detained.

MNR Candidate Sanchez Vows To Respect Election Results

PY0206212593 La Paz HOY in Spanish 25 May 93 p 8

[Excerpt] Nationalist Revolutionary Movement [MNR] presidential candidate Gonzalo Sanchez de Lozada, who takes for granted that he will win the elections, has said the MNR will respect the winning majority in the elections on 6 June.

This position was made public by Sanchez de Lozada himself during an interview he granted Father Eduardo

Perez Iribarne, director of Radio Fides, a local radio station. The interview was held in studio 6 of the station.

"We take the challenge, and will vote for the winning candidate who obtains the greatest number of votes," Sanchez de Lozada reiterated.

The MNR leader said the decision was made because political parties must respect the will of the people, who, as all of us know, vote but do not choose.

He emphasized that even if General Banzer wins the elections, the MNR will support him in Congress; if he is not the winner "we will demand the support of the other parties," he said.

He voiced satisfaction over the announcement by Solidarity Civic Union [UCS] leader Max Fernandez Rojas, about the nonexistence of any type of alliance with the Patriotic Accord. He reiterated, however, that such an electoral pact did exist up until yesterday, when—according to the MNR leader—it was dissolved.

Despite this announcement, Sanchez de Lozada maintains his initial criterion that the Patriotic Accord has finally managed to unite the MIR [Movement of the Revolutionary Left], ADN [Nationalist Democratic Action], PDC [Christian Democratic Party], FRI [Revolutionary Front of the Left], and now the UCS. [passage omitted]

Brazil

Household Chief, Health Minister Reportedly Face Dismissal

PY2905143193 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 May 93 p 1

[Text] President Itamar Franco has told close aides and party leaders that he will replace Civilian Household Chief Henrique Hargreaves, according to an article by Silvia Faria and Gilberto Dimenstein. His dismissal was decided on 24 May after Justice Minister Mauricio Correa told the president that Hargreaves was responsible for the rumors of his downfall. Franco now is studying a change in his Civilian Household Ministry. Since he is a friend, the dismissal must be similar to that of former Minister Eliseu Resende and former Counsel General Jose de Castro. The president praises his dedication while he seeks "an honorable way out." Health Minister Jamil Haddad also is expected to be dismissed. The next health minister must belong to the PP [Popular Party].

Franco Says Household Chief To Keep Job

PY2905153093 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 29 May 93

[Text] President Itamar Franco asserted to Senator Pedro Simon, government leader in the Senate, that Civilian Household chief Henrique Hargreaves will remain in his position. President Franco told Senator Simon this over the phone. The senator reported that President Franco did not consult him on the possibility of becoming civilian household chief, replacing Hargreaves.

Government Implements 80 Trillion-Cruzeiro Budget Cut

PY3105191293 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 31 May 93

[Text] The government has decided to cut 40 percent of investment expenditures and 15 percent of current expenditures allocated for the month of June.

The appropriate decree was published in today's OFFICIAL GAZETTE and contemplates cuts totalling 80 trillion cruzeiros. According to the Planning Secretariat, the money saved will be used to pay the salary adjustment approved for public servants.

Franco To Take 'Harder Stand' on Public Workers Strike

PY0106171593 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 1 Jun 93

[Text] President Itamar Franco has said the government will no longer take a passive stand on the strike by public workers. He instructed Labor Minister Walter Barelli to convey to the workers that he will take a harder stand.

[Begin reporter Luis Augusto Mendoca recording] The government will no longer continue to take a passive stand on the strike. This comment was made by President Franco the night before yesterday to press secretary Francisco Baker before leaving Planalto Palace. On instructions from President Franco, Labor Minister Barelli today will summon all the public workers union leaders to personally convey the presidential message that the government has decided to take a harder stand on the strike. The public workers strike is already more than 15 days old even after the government readjusted their salaries by 85 percent. Press secretary Francisco Baker also said President Franco confirmed that in the next few days he will move from the official Lago Sul residence to Alborada Palace. This afternoon President Franco will continue the talks to finish the cabinet reshuffle. He will meet with leaders of the PMDB [Brazilian Democratic Movement Party] headed by Luiz Antonio Fleury Filho and of the Progressive Party headed by former Parana Governor Alvaro Dias. [end recording]

Government Rejects Monthly Salary Hikes for Public Servants

PY0206015793 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 1 Jun 93

[Text] The government has already decided that it will not grant monthly salary increases to public servants.

Public servants have been on strike for 19 days. Today they once again marched along the ministries' esplanade.

Public servants are demanding monthly salary adjustments as part of a new salary policy.

The possibility of granting monthly salary increases has, however, been ruled out. The government says it has no cash.

The salary policy that is being studied for public servants provides for advances every two months and for adjustments every four months. This is the same policy being implemented in the private sector. The only difference is that adjustment indexes may be smaller.

Finance Minister Fernando Henrique Cardoso said there are differences between public servants and private sector employees.

[Begin Cardoso recording] Public servants' retirements are better than those of private sector employees; public servants have job stability. During a recession, when revenues decrease, the state cannot dismiss employees, but private enterprises can do so.

Conditions are different. It would therefore be unfair for Brazil to grant a privilege to one sector while others are not in the same situation. We cannot do it. [end recording]

In Brasilia this evening, public servants will decide whether to lift their strike.

Finance Minister Calls For Pact To Defeat Inflation

PY0206184393 Sao Paulo FOLHA DE SAO PAULO in Portuguese 31 May 93 Section 1 p 5

[Excerpt] Finance Minister Fernando Henrique Cardoso said yesterday that political parties and society should strive to achieve a national agreement to defeat inflation. Leaving the residence of President Itamar Franco, Fernando Henrique Cardoso said that favorable conditions prevail for the establishment of a national pact: "The time is right for everyone to get together."

The finance minister praised the proposal by Sao Paulo Governor Luiz Antonio Fleury (PMDB) [Brazilian Democratic Movement Party] and PMDB President Jose Fogaca (RS) [Rio Grande do Sul] to establish a national agreement supported by political parties, businessmen, and workers. The idea is for all parties involved to make a commitment regarding the adoption of an income policy, that is, clear rules for the readjustment of prices and salaries.

Fernando Cardoso said he intends to explain to political parties and society how to achieve the objectives of this pact within the next few weeks. As he did last week in the Senate, Cardoso will meet with the president and bloc leaders of the Chamber of Deputies on 4 June. Cardoso gave senators a bleak picture of the financial situation and requested their support "to do what must be done." He said: "I am not an economist, I am a politician. I must create the conditions so the country may take the necessary steps."

The finance minister said he is "convinced that one swallow does not make a summer." Regarding the war on inflation, the finance minister said it is necessary to have a trustworthy ministry, political parties identified with their congressional blocs, and especially, a society convinced that the government is honest and that it is "treading the right path." [passage omitted]

Finance Minister Obtains Support To Cut Budget

PY0306133993 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 3 Jun 93

[Text] After a three-hour meeting yesterday Finance Minister Fernando Henrique Cardoso obtained support from party leaders for the main points of his economic program that seeks to cut billions of dollars from the union's budget.

Agreement was reached that late this month the economic team will present new priorities for public spending. All projects that are not in the government's interests will be cut.

Minister Cardoso also asked congressional support for a quick vote on the bill establishing regulations for renegotiating the debt of states and municipalities.

France Reopens Credit Line for Exports to Brazil

PY0306002093 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Jun 93 Economy and Finances Section p 1

[Article by Fernando Pesciotta]

[Text] Almost a year after Brazil signed an agreement with the Paris Club, the French Government will again finance exports to Brazil. On 4 June the bank Credit Commercial de France (CCF) will conclude an agreement for the transferal of 500 million francs (approximately $100 million) of Coface [Compagnie Francaise d'Assurance Pour le Commerce Exterieur] credit. The financing is guaranteed by the French Government. It will be used for the sale of machinery and equipment to Brazilian industries, and will be managed by the Bank of Brazil [BB].

The contract will be signed in Paris by BB President Alcir Calliari, several BB directors, and CCF President General Charles de Croisset. Alexandre Lodygensky, CCF representative in Brazil, said yesterday in Sao Paulo that the French Government has assumed the economic and political risk of guaranteeing the imports.

Lodygensky reported that the decision was made after several months of bilateral negotiations. "Brazilian renegotiations with the Paris Club, which were concluded in

July 1992, and the Brazilian Government's promptness in paying its international debts, have influenced the decision very much."

According to Lodygensky the contract is also a consequence of information received by the French Government about "economic stability in Brazil." The CCF representative has revealed that since March French officials have been receiving "praise from the French Embassy about the Brazilian economic policy."

He added that Fernando Henrique Cardoso's appointment for the Finance Ministry may have contributed to the normalization of the financial relations between the two countries. He pointed out, however, that negotiations had been going on "for a long time."

Tiete River

Through this agreement the French Government will assume the responsibility for exporting equipment with price tags over $500,000. Lower value operations will be conducted as usual.

Two French enterprises are participating in the public bidding for decontamination work on Tiete River in Sao Paulo. If one of them is awarded the bidding, it will benefit from the normalization of the bilateral relations.

'Important' French Decision To Reopen Credit Line Examined

PY0306004693 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Jun 93 Economy and Finances Section p 1

[Article by Reali Junior]

[Text] The document to be signed on 4 June in Paris by the Bank of Brazil and the Credit Commercial de France—the transferal of 500 million francs ($100 million)—constitutes the effective reopening for Brazil, within the framework of the Paris Club, of the exports credit line guaranteed by the Compagnie Francaise d'Assurance Pour le Commerce Exterieur, Coface (an organization supervised by the French Treasury which guarantees French exporters and importers against possible swindle from abroad).

In practical terms this contract signifies the normalization of the European Community's financial relations with Brazil, because it is the first credit contract for the sale of equipment to be signed since the agreement on the debt with the Paris Club was signed in July 1992.

When Itamar Franco became president of the Republic, the attempts to normalize relations were interrupted in view of the instability of the Brazilian Government's economic staff. As O ESTADO reported exclusively, when Paulo Haddad left the Finance Ministry in March the French Government decided to stop negotiating projects for exports credit. The credit now granted was being negotiated at that time.

In March, as a result of a decision made by the Economy Ministry, the French Government preferred to wait for a clearer definition from the Franco administration, although Brazil had been complying with the international commitments made to the Paris Club and had concluded bilateral agreements with the countries that make it up. Recent changes made in the Brazilian economic staff must have also influenced the French Treasury decision. The symbolic significance of this decision is extremely important. It represents the reopening of credit lines for Brazil.

Finance Minister Wants To Accelerate Privatization Program

PY0106161193 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 May 93 Economy Section p 3

[Article by Beatriz Abreu]

[Text] Brasilia—The government's greatest challenge in balancing the fiscal accounts is the privatization program. Finance Minister Fernando Henrique Cardoso announced he will accelerate the sale of public companies, and he knows he must face group interests within the Privatization Committee.

If the minister accepts the suggestion of the experts participating in the meetings to define prices and sale terms for the public companies, one of the first measures he will have to adopt is to modify the composition of the group in which the government is a minority.

"In Mexico, the privatization program was succesful because the privatization committee was made up of 12 members, all of whom were government members," said a committee member who defends the minister's radical position. "Our committee is very democratic: It has 10 private sector representatives and five government representatives," he added.

The privatization program is considered an important instrument to control expenses because the public companies' expenses "imply billions of dollars." For example, the government spends $1.3 million per day to maintain Cosipa [Sao Paulo Iron and Steel Company], which will privatized next month.

In order to sell the company, it is first necessary to streamline it financially. Over the past three months, Cosipa has accumulated a $120 million loss by not paying debts and taxes.

The Planning Ministry has sent President Itamar Franco a draft of the decree to sell the government's minority participation in private companies. Although experts do not mention figures, they involve shares in more than 1,000 companies that were purchased and maintained through the years by the Bank of Brazil and the National Bank for Economic and Social Development (BNDES-Par), and by the Funding Authority for Studies and Projects (Finep) to finance investments in new projects.

The decree foresees that those institutions keep the shares for no more than six months. "It is a way to rotate credit to benefit other companies," an expert said.

Another decree will settle the problem of the public companies' shares held by the BNDES and Bank of Brazil. Although it also involves "a large volume of resources," the sale of those shares is a problem and not a solution. The experts found out that the patrimonial value of those shares is far greater than their market value. That is, if the government sold them, it would suffer "a great loss" because it would lose about 80 percent of the invested value.

According to experts, there are two "major" examples: the shares of Telebras [Brazilian Telecommunications, Inc.] and Eletrobras [Brazilian Electric Power Company, Inc.]. The patrimonial value of a Telebras share is estimated in $45 but it is worth $25 on the market. The Eletrobras shares are quoted at 10 percent of their patrimonial value.

Steel Companies Wait for U.S. Answer on 'Dumping'

PY0306134193 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Jun 93 Economic and Finances Section p 3

[Text] Cosipa [Sao Paulo Iron and Steel Company], Usiminas [Minas Gerais Iron and Steel Company], and the CSN [National Steel Company] will wait until 9 June to see if the United States accepts the proposed "agreement to suspend" dumping that was filed by the U.S. Government in December 1992, before resuming exports. Some 10 days ago the three companies—together with the Brazilian Government and nine other countries—presented a proposal to the U.S. Commerce Department seeking to suspend the extra duties levied on steel imports. The United States opened a case against the subsidies policy implemented by 21 countries.

If the proposal is accepted the United States will control the price of steel. Cosipa foreign relations chief Olev Saukas said: "We will report on steel production costs every quarter or every half year, and the United States will determine a minimum price for steel." He added that the U.S. Commerce Department will answer by 9 June. "We will then have another 10 days to sign or not the proposal," Saukas said. The United States will decide what extra duty to impose if we do not have an agreement by 15 July.

Brazil stopped exporting 300,000 tonnes of steel plate per year to the United States as of December 1992. The total figure is 7 million tonnes per year for the 21 countries. "We have not suffered financially because we sold our production in Asia and Latin America, but we were hurt technologically," Saukas said.

Highlights of Proposed Patents Law Reported

PY0106150093 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 May 93 p 7

[Text] The following are highlights of the Brazilian draft bill regulating the intellectual property law:

Patents: All products and production processes, as long as they are a novelty, can be used for industrial purposes, or are an invention, may be patented (authorized to be exploited commercially).

Living beings: No plants or animals that can be found in nature may be patented.

Microorganisms: They may only be patented when used for an industrial process and to manufacture a specific product.

Pipeline [preceding word published in English]: This word describes products being developed or that still have not been brought into a country that recognizes its patents. According to the draft bill, the pipeline will only be accepted if the product still has not been patented in another country.

Voluntary license: The owner of a patent may cede rights to third parties whenever he does not wish or cannot exploit it directly. Whoever uses the patent must pay royalties.

Compulsory license: Whenever the government deems that a patent is being used in an abusive manner, either for emergency or economic reasons, it may intervene to authorize another person or enterprise to exploit it.

Parallel importations: In addition to the patent's owner, third parties may import the patented product provided they have the patent owner's authorization.

Trade marks: Well-known trademarks will no longer need to be registered to protect their owners' rights.

Grace period: No agreement has been reached yet as to when the law will be implemented.

Expiration: Neither has an agreement been reached in this regard. It has been proposed that a patent be valid for 15 years for models (industrial processes) and 20 years for inventions.

Cardoso Believes PMDB, Government Conflict 'Overcome'

PY0206010793 Rio de Janeiro O GLOBO in Portuguese 31 May 93 p 4

[Text] Brasilia—Finance Minister Fernando Henrique Cardoso asserted yesterday that the crisis between the PMDB [Brazilian Democratic Movement Party] and the government of President Itamar Franco has been overcome and that the PMDB should keep its five ministers. Cardoso predicted that a good atmosphere will prevail during tomorrow's meeting between the president and

the PMDB leadership—just before Franco leaves Brasilia to meet with Sao Paulo Governor Luis Antonio Fleury Filho, who is one of the most irritated PMDB leaders over recent decisions by the Planalto Palace.

Cardoso was called yesterday afternoon to a meeting at the house of President Franco where he briefed the president the events of the week and his contacts with PMDB leaders in an effort to ease the dissatisfaction by the party with the government.

Cardoso described as gossip reports that Brazilian Ambassador to Portugal Jose Aparecido de Oliveira—who was asked to take over the Foreign Ministry—may head the civilian household, replacing Henrique Hargreaves who is linked to the PFL [Liberal Front Party]

Cardoso also criticized the discussions over filling government positions.

Cardoso said: The ally who wants a position is not an ally, he is making a deal. This is not the case of the PMDB. Cardoso praised the proposal by PMDB President Jose Fogaca (RS) [Rio Grande do Sul] to make an inter-party pact in support of the government.

Before leaving for Sao Paulo Cardoso said: I do not need an ally, Brazil needs an ally. The rumored secret policy does not exist, there is only one: Transparency, responsibility and a commitment with the country.

Dollarization of Economy Within Mercosur Viewed

PY0206010593 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 May 93 Section 3 p 2

[Article by Gilson Schwartz]

[Text] Last week the government made a very important decision: It scheduled the visit of President Itamar Franco to Argentina as the beginning of the Brazilian dollarization program. The most curious point about this is that at the time (Finance) Minister Fernando Henrique Cardoso made that decision he was also acting like a saint, telling the press that the Argentine example has nothing to do with Brazil.

The government eliminated the limit on the dollar purchases for those traveling to Argentina, making it clear that it does not care what is done with the money. It also sounded out the idea of (and this has not been objected to so far) liberating dollar exchange rates, but "only for exporters."

These liberalization measures look like naive policies to allow a quicker rapprochement with Argentina and other Mercosur [Common Market of the South] partners but, if the essential partner is Argentina—which has already dollarized its economy—it is obvious that greater rapprochement with Argentina also means dollarizing Brazil. It is that simple, but since Fernando Henrique Cardoso is so creditable no one bothers to ask, choosing to view what was said as not said, but done.

The Mercosur also serves as a screen for short-term and even very short-term policies. Now we get to the central point of Mercosur, or of any regional integration project: What are the boundaries of national sovereignty? Under what currency will integration become stable and progressive? Those are the reasons behind the imapsse in Europe because of the extremely self-centered Bundesbank.

Within NAFTA [North American Free Trade Agreement], the currency issue has already been resolved, and Mexico is facing a real deficit, that is, it has completely lost its sovereignty and runs the risk of a postponement of the signing of the treaty for health, environmental, welfare, and industrial standardization reasons, in addition to the labor conflict. Meanwhile, China and other Asian economies, an ocean away, are the main suppliers of the toys sold in Disneyland.

Mercosur is a relatively new project. The commercial liberalization has developed well, trade being the most traditional form of rapprochement among nations. But commercial liberalization implies business, while exchange and financial liberalization can favor speculation. Even the IMF recognizes this, and recently suggested that Argentina should control capital movements to prevent the overevaluation of the peso. That is, the IMF admits that even exchange liberalization needs limits.

A strategic question remains: If Mercosur is a bloc in which most of the economy has been dollarized and the rest acts as an overall financial market (Montevideo is an internationally recognized "off- shore" [preceding word in English] center, what does the exchange and financial liberalization in the third economy mean? Are there legal instruments very carefully prepared to decide who are and who are not exporters?

Latin America has always been characterized as easily convinced to liberalize its control on capital, a phenomenon that is perhaps one of the faces of dependency. With its first steps toward dollarization, Brazil is preparing to change the form of its dependency. This may not be too bad, but that is a subject for another article.

New General Workers Party Established in Sao Paulo

PY3005004493 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 29 May 93

[Text] A new political party was born today: the PGT, General Workers Party [Partido Geral dos Trabalhadores]. It was established in Sao Paulo by various labor leaders.

The new party was formed at a theater in downtown Sao Paulo; Caninde Pegado, president of the CGT [Central Federation of Workers], is one of the founders. PGT followers advocate development within the framework of social justice. They state that the party is open to all people who want to see progress in the country.

*** Angra II Completion Sparks Controversy**

93SM0243A Rio de Janeiro MANCHETE in Portuguese 3 Apr 93 pp 44-47

[Article: 'Blackout: Could Brazil Be Left in the Dark?' by Denise Assis]

[Text] Inflation, rent, school tuition, and health insurance are the concerns of the average Brazilian in the Southeast and he now faces yet another problem: the threat of a blackout that could affect about 15 million people, all at once. A two-hour plunge into darkness during the first week of March gave those who live in Rio de Janeiro and Espiritu Santo states an idea of the vulnerability of the supply of electricity in the region. The solution, experts say, lies at the water's edge—in the tourist paradise of Angra dos Reis, 150 km from Rio. It might be the Angra-2 nuclear plant, now all wrapped up and well-guarded at the cost of $10 million a month for maintenance alone.

The Angra-2 nuclear plant would add 1,300 megawatts to the 5,500 now supplied to the region by Furnas Electric Power Plants, Inc. It makes ecologists' blood boil in indignation, but it has just received the green light from President Itamar Franco, who decided in favor of completion, according to Furnas President Marcelo Siqueira, "after consulting the four ministers and the sectors associated, in one way or another, with the project.

Last week, as Furnas President Marcelo Siqueira reported, President Itamar Franco authorized the transfer of all the funds from the German financing agreement that were earmarked for the Angra-2 project, so that the plant, where 80 percent of the physical facilities are ready, can be finished. (In charge of construction is the firm KWU-Kraftwerk). Already, $4.3 billion has been spent on it—all that remains is assembly. Completion will cost $1.377 billion, of which $600 million will come from Furnas and the rest from the finance agreement signed with Germany.

To the coordinator of the Science and Culture Forum of the Federal University of Rio de Janeiro (UFRJ), physicist Luiz Pinguelli Rosa, "this is a subject that needs to be opened to exhaustive public debate. Perhaps a blue-ribbon commission should be created to analyze the risks involved in nuclear plants and report to the public, which would then decide whether completion really is the answer, or whether the equipment should simply be sold off and the matter forgotten."

Marcelo Siqueira, however, is enthusiastic. He thinks finishing the project represents Brazil's definitive entry "into the First World" in terms of energy supply, besides ensuring Espiritu Santo and Rio de Janeiro that they will no longer be at the mercy of Mother Nature and, therefore, a blackout, something that strikes terror into the hearts of owners of meat-packing plants and restaurants—and even the ordinary housewife who, to escape the voracity of inflation, has built up a supply of frozen food.

Experts think that knowing there is a solution is better than having to constantly worry about the next blackout, as Rio residents did for a week. Involved in the construction of Angra-2 since the first concrete piles were driven, engineer Jose Eduardo Costa Mattos, chief of the construction department, uses the 13,000 tons of equipment (87 percent imported), distributed among 33 sheds, to support his argument in favor of completing it.

"This maintenance alone requires specialized labor, to vacuum-pack each component. It is very expensive. It would be cheaper to finish it," he argues. "You have to remember that the 1,300 megawatts that Angra-2 will generate in the future would cost $2.6 billion if the government had to produce it at hydroelectric plants."

The two lines that broke down in the first week of March—the ones that connect the Cachoeira Paulista substation to the Furnas system—plus the power from Angra-1, account for the 5,200 megawatts consumed by the two states of Rio de Janeiro and Espiritu Santo. Angra-2 would meet 30 percent of the needs of those consumers if it were to be ready in 1997, as the experts predict. This would greatly increase the reserves for situations like the one that just happened. There are skeptics, however, who imagine an apocalyptic scenario, with a band of Homer Simpsons blundering through their work day and compromising the safety of the plant. Just hearing people talk about the possibility of the two contraptions running at full capacity makes them tremble. This resistance brings a smile to the lips of Pedro Figueiredo, superintendent and coordinator of thermonuclear production at Angra-1 and Angra-2. "Before work began on Angra-1," he recalled—"Furnas set up a radiobiology lab to make a complete survey of the flora and fauna in the region. The plant has been running for 11 years now, and since then we have been monitoring these species without finding any changes caused by radioactivity. The flora and fauna are still unaffected."

But the public's fears are not completely unfounded. Not even the superintendent tries to gloss over the technical defects that have arisen at Angra-1 since it went on stream in 1985, to generate 626 megawatts. Brazil opted, in planning its nuclear power program, for plants that use enriched uranium as fuel, cooled by water in a generator composed of 8,000 pipes lined with a nickel-based alloy—Iconel 600—that is not very durable. Over time, chinks develop in this material, furnished by Westinghouse, and the pipes have to be plugged so that the radioactive material does not escape into the cylindrical building that houses the reactor. This cylinder is lined with a 30-mm layer of special steel that completely contains it, and the building has 70-cm thick concrete walls. Contrary to what most of the public believes, a nuclear power plant cannot explode like a bomb, since

the kind of uranium used as fuel makes an atomic explosion physically impossible. After having sold Brazil a pig in a poke—the Iconel 600—Westinghouse was sued, but the country lost the case in the Paris Chamber of Commerce "certainly because there was corruption," suspects Pinguelli Rosa. Superintendent Pedro Figueiredo reports that Westinghouse, despite being admittedly wrong, paid a mere $8 million for the damage; the losses assessed and sought in the French court amounted to $115 million.

To correct the defects in Angra-1, says the superintendent, the plant is forced to shut down once a year for maintenance. Already, 200 pipes have been plugged in 11 years of operation. During the first five years, 20 pipes were plugged; the rest had to be done in a single year. Maintenance is done in the control room, where technicians monitor the performance of the plant on site, 24 hours a day. Despite all this, the possibility of an accident at Angra-1 is fairly remote, as physicist Luiz Pinguelli admits. Engineer Costa Mattos says the odds are one in 10 million. At Angra-2, the Iconel-600 was replaced with Incoloy-800, a tougher alloy. "When we changed the material, we also replaced the guts of the generator," Pedro Figueiredo explained. According to Pinguelli Rosa, this was a good thing since scientists from Greenpeace have recently discovered that the model used at Angra-1 developed a fissure in the reactor head, aggravating the risk of an accident. Another defect mentioned by Pinguelli is the thickness of the concrete walls; in the physicist's opinion, these should have followed the measurements used in Germany: 1.80 cm. These risks, however, were discounted by engineer Costa Mattos, who opted for a more daring layout for Angra-2—a reactor building in the shape of a sphere.

Until Angra-2 begins operations, an accident simulator is functioning 1 km away from the plant. There, German, Swiss, and Spanish experts are being trained in courses that raise $1 million a year for Furnas. They use an exact reproduction of the new plant's control room where, by pushing a button, they can shut it down completely or partially. Judging by the serenity with which the technicians and engineers move about their task of ensuring the total safety of the two plants, there is nothing to fear. Except possibly more blackouts, if Angra-2 does not go on stream.

* Current Status of Angra-Related Factories Viewed

93SM0245A Sao Paulo ISTOE in Portuguese 21 Apr 93 pp 52-53

[Article: "A Bar for Veras"]

[Text] *Concerning the Brazil-Germany Nuclear Agreement, with which we were going to challenge the superpowers.*

In 1975, as part of the major agreement signed with Germany to develop a stem-to-stern nuclear industry in Brazil—one comprising everything from uranium prospecting and mining to the establishment of a reactor industry—the Geisel administration announced a five-year plan for training 1,254 experts on nuclear energy. Tomas Veras was one of those citizens, and in our story he was approaching the table where engineer Costa Matos was having lunch with two reporters.

Costa Matos, a 40-year-old military engineer born in Recife, Pernambuco, is in charge of the construction of Angra 2, the first plant to be set up as part of the agreement with Germany. The scene we are describing took place in the dining hall of state-owned Furnas, the company responsible for construction, on Brava Beach two kilometers from the plant site. Engineer Veras had once worked for Nuclep (Nuclebras Heavy Equipment, Inc.), the huge industrial plant where there are machine tools capable of machining parts measuring six meters in diameter and weighing 600 metric tons, examples being the vessels in which nuclear reactions take place.

But Nuclep, which cost $300 million, survives today by doing "odd jobs": it is the storage site for a good portion of the $2 billion worth of equipment bought from Germany for Angra 2 and Angra 3, and it works on the development of submarines for the Navy. And it has laid off most of its employees. Veras is one of them.

Veras owns a quality control service firm in Rio de Janeiro. He had been in Matos' office recently looking for service work to perform. He did not find any. Now he was complaining. Basically in broader terms:

"Hell, Matos! You closed the bar! We no longer have a right to anything! We built this place here with our own hands."

Veras, short and squat with a red face, was completely devastated. Costa Matos explained to him that he had had nothing to do with the decision to close the bar, and after Veras left, he spoke to the reporters about the life of that plucky man. The two of them had shown up on Itaorna Beach together near 20 years earlier to bring our country the technical wonder known as atomic energy.

Geisel was head of Petrobras before being named president in 1974. He was a soldier of "Greater Brazil," and he had tried to turn Petrobras into a multinational like Esso and Shell: abandoning exploration in Brazil, he had gone off in search of petroleum abroad. It was a disaster. The oil crisis caused Brazil's bill for crude oil imports to jump from $300 million in 1970 to $3 billion in 1974.

One of the major plans during the first year of Geisel's administration was so-called Plan 90, a forecast of energy consumption over the following 15 years. Completed in December 1974, it predicted what the nuclear agreement with the Germans was already preparing for: the need to obtain from 3,000 to 4,000 megawatts of nuclear power per year—from two or three plants like Angra 2—beginning in 1988. It was all based on the assumption that the "miracle" would continue until 1990: that the Brazilian economy would grow by

between 8 and 11 percent per year during that period. (On average, the Brazilian economy has grown at one-third that rate over the past two decades.)

Plan 90 was the ideological basis for awarding contracts for equipment and construction work at Angra 2 and Angra 3 and various hydroelectric plants. The four Sao Paulo hydroelectric plants planned during that period—Porto Primavera, Rosana, Tres Irmaos, and Taquarucu—were originally supposed to cost $2.5 billion. So far, nearly $8 billion has been spent on those four plants alone, most of it in the form of interest paid for extending the loans. The turbines for Porto Primavera have been in storage at Ilha Solteira for years.

In that flat lowland area, the remains of the nuclear agreement stand out like a stranded ocean liner.

Construction of the Angra 2 plant is the part of the agreement that is being pushed forward with the most hope. That gigantic sphere, built with plates of German steel, has been set up and covered with a massive concrete cupola to form a cavern 56 meters in diameter where the atomic reactor will be safe from accidents like the one in Chernobyl. Work came to a standstill in 1979, and the construction timetable has now been revised to get things moving again. But it is not being followed. At the worksite for completing Angra 1 and starting Angra 2 in 1979, there were 13,000 employees. Today there are 1,200 workers building Angra 2.

Angra 3 is a flooded crater dug into the rock. In it stands a giant crane belonging to the Andrade Gutierrez firm and waiting to be rescued. Practically all the equipment for Angra 3 is on hand now that Siemens has shipped to Brazil 3,000 metric tons of parts that had been held in the port of Hamburg for years. But no one knows what to do with them; there has even been talk of selling them to Iran.

Nuclei (Nuclebras Isotope Enrichment, Inc.), a uranium enrichment plant in Resende, is where we supposedly had our ace up the sleeve: that is where Brazil, along with Germany, was going to develop the original jet nozzle system of preparing fuel-grade uranium despite U.S. and Soviet opposition. Nuclei today is a complete factory in mothballs—and it cost half a billion dollars. The most probable solution will be for the government to abandon the jet nozzle system and use part of the plant's equipment in the Navy's nuclear project. The Navy has just announced victory in the area of traditional uranium enrichment technology.

Set up at Nuclei are the structures that were to make the jet nozzle system work: two "cascades"—those series of ingenious machines and their luminous tubes of special silver-plated aluminum with parts diamond-machined to a tolerance of 1 micron (1/1,000 of a millimeter). In those cascades, gasified natural uranium would have been increasingly "enriched" into uranium 235, the atom that is essential for the German type of reactor. The process was tested in Germany at the start of the agreement with the construction of a single-stage facility by Nustep, a firm organized with 50-percent Brazilian capital and 50-percent German capital and now dissolved. Based on that stage, the Germans designed the 24 stages in the two cascades installed in Resende. They also designed another factory known as the Element Separation Plant (FES) for building the remaining stages needed for the process: 464 of them.

Neither Nuclei nor the FES ever went into operation. The result is that a complete cascade has never been tested industrially.

Nuclep is almost at a standstill. What remains of Geisel's nuclear dream is the FEC [Fuel Element Factory] and Nuclen. The FEC is the plant for producing fuel elements. Located next door to Nuclei, it manufactures capsules that cover the enriched uranium pellets inside the reactor. Those capsules are very thin tubes four meters high and are made of an alloy of zirconium, a special element allowing passage of the neutrons emitted by the uranium atoms that are split during the nuclear chain reaction. Neutrons heat the water inside the reactor vessel.

Engineer Mauricio Valim do Val, 49, is managing director of the FEC and the FES. He dismantled the FES and reorganized it to save it from total collapse. With its high-precision machines—including a $2-million diamond grinding wheel—he now machines parts for the Brazilian satellite project, for example.

He has performed a minor miracle with the FEC: it now engages in the extremely complex machining of the top and bottom assemblies that give structure to the fuel rod assembly. And it may begin supplying those parts to German Siemens before this year is out.

Nuclen (Nuclebras Engineering, Inc.), which was supposed to have trained people for the Brazilian nuclear program, is providing engineers for the German nuclear program. Germany employs Brazilians on its projects at home and abroad. Brazilian nuclear experts are currently operating Siemens reactors in Taiwan. The only thing is that Siemens does not pay the Brazilian Government the same amount that it charged for stationing its technicians in Brazil when it promised to transfer nuclear technology: a German cost $100,000 per year back then; now a Brazilian can be had for under $60,000.

When General Geisel's administration took office, Brazil's foreign debt totaled $12 billion (it had tripled between 1968 and 1973) and was owed basically by the private sector, chiefly subsidiaries of multinationals that had brought a tremendous quantity of machinery into the country during the time of the "miracle." When the Geisel administration left office, the debt was owed by the state, and it was five times higher. And the entry of foreign equipment into the country had fallen from 40 percent of all machinery installed during the time of the miracle to half that amount.

The miracle had been performed at a time when international interest rates were reaching their lowest levels in

the history of capitalism. Beginning in 1975, those rates began to rise and then reached their highest levels ever.

Chile

Government, Army Officials Hold Secret Meeting

PY0206144693 Santiago Radio Chilena Network in Spanish 1100 GMT 2 Jun 93

[Text] Army and government officials have held a secret meeting in the underground halls of La Moneda Palace.

Army General Jorge Ballerino and Army Auditor General Fernando Torres Silva arrived at La Moneda through the underground access without been spotted by media representatives.

The government was reportedly represented by Vice President Enrique Krauss and Minister Secretary General of Government Enrique Correa.

No information was disclosed at the end of the meeting.

Correa Denies Negotiating With Army

PY0206213593 Santiago Radio Chilena Network in Spanish 1700 GMT 2 Jun 93

[Text] Minister Secretary General of Government Enrique Correa has denied that the government is negotiating with the Army as a result of the unusual military movements that took place at the Armed Forces headquarters last Friday, 28 May.

Correa said that any form of negotiation between the executive branch and the Army is not feasible in a state of law, as President Patricio Aylwin has stated.

Correa added that the government will not withdraw any draft bill from Congress, saying that those already submitted should continue to be debated normally. He thus referred to comments by designated Senator Santiago Sinclair on the reform to the Constitutional Organic Law and the Amnesty Law. [recorded passage indistinct]

Minister Correa stated, however, that in the specific case of the Armed Forces Organic Law it is quite unlikely that it would be debated in Congress any time soon.

Army Lifts State Of Alert, Reaches Accord With Government

PY0306141693 Santiago Radio Chilena Network in Spanish 1100 GMT 3 Jun 93

[Text] The state of alert implemented by the Army which caused alarm among the citizenry, intense contact between ministers and Army Generals, and unrest in political and social spheres, was lifted yesterday after six days of tense atmosphere.

Today's issue of LA NACION carries this information. The report says that congressional sources confirmed that the peak of this crisis occurred on the night of Tuesday, 1 June, when General Augusto Pinochet expressed his views to the government which reacted energetically stating that it would not give in. A solution was later found.

The most important issue which the government will not negotiate, according to the same sources, is the concern by the Army leadership over the institution's image in view of current trials involving some of its members.

Enrique Correa, the minister secretary general of government, commented in Congress that cases of violations of human rights which took place under the previous administration are being handled by the appropriate courts that will abide by the law.

Correa added that the government has never interfered in the work of the court and it is certain that the court will abide by the law and the judges will act with the necessary prudence.

This report is published today in LA NACION.

The Megavision television network [Santiago Megavision Television Network Channel 9] in its main newscast [date and time not specified], reported that the Army is reportedly ending its state of readiness and that agreements on certain subjects are allegedly being reached with the government.

It was reported that some agreements have been reached, including the expeditious handling of draft decrees related to the Army that were being delayed. It was also agreed that Army officers summoned to testify before the court in cases related to the violation of human rights will do so on Army premises. Megavision stated that other agreements refer to the decision to postpone until next year the submission of the draft bill on the Armed Forces Organic Law to Congress. In the case of the checks issued in the name of the son of the Army commander, it was agreed to leave this case in the hands of the court.

Krauss, Air Force Chief on Military Situation

PY0206193793 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1800 GMT 2 Jun 93

[Text] Vice President Enrique Krauss has said the situation in the country is absolutely normal. Krauss said Army institutional concerns are being evaluated and categorically denied there ever was any harassment of the institution:

[Begin recording] [Krauss, in progress]...absolutely normal. There is no situation that can be considered worrisome. Tension has practically disappeared. The measures ordered by one of the military branch's command, specifically the Army, are within its prerogatives and are being deactivated. It will take days or hours, I suppose.

[Reporter] The president said that the government was not going to negotiate, yet you and other government

officials are meeting with them. You are even meeting with General Augusto Pinochet. How do you explain this?

[Krauss] The fact that we have meetings and dialogue does not mean we are negotiating in the sense used by the president of the Republic. We should not just read the headlines. We should read the concrete information. The president said, and we are behaving accordingly, that there could not be any political negotiation or discussion on political issues with institutions that are subordinate to the executive branch and the president. We are not holding that type of negotiations. We are talking about other issues, as we did in the past, and we are looking for solutions and answers to problems that are being presented to us.

[Reporter] How can you overcome Army concerns like those explained by General Santiago Sinclair yesterday?

[Krauss] The answers came out of our talks. Measures are being implemented. We are not considering items listed in a pronouncement or demands put forth institutionally. We have discussed items based on institutional proposals aimed at solving institutional problems. These are legitimate claims that the executive branch must consider and modify or not. Proposals refer to internal matters that we should not debate because they are institutional problems. This is not a soccer game that must be commentated on minute by minute.

[Reporter] The Army, however, feels harassed.

[Krauss] That is an appreciation that...[pauses] The person who informed you must also give you details of that harassment.

[Reporter] Sinclair mentioned it yesterday.

[Krauss] No. We never implemented a harassment policy against the Armed Forces or the Army. That is a mistaken impression. [end recording]

Defense Minister Patricio Rojas maintained his decision not to comment on government-Army relations. Air Force Commander General Ramon Vega said that everything is being adequately dealt with by the appropriate authorities.

[Begin recording] [Vega] That is an Army problem. I could not... [changes thought] It has never been my policy to analyze the Army commander's decisions.

[Reporter] Do you not think the situation is of concern?

[Vega] Maybe you are creating concern with all these cameras and all these questions you ponder about. I advise you to remain calm and leave these things for the appropriate authorities.

[Reporter] Is the Air Force totally calm?

[Vega] The Air Force is operating as usual, you can see that. We are participating in this program that is so important for Chile.

[Reporter] The democratic system is not in danger then.

[Vega] We all have responsibilities with respect to the democratic system. It is very important to protect our democratic system. [end recording]

Meanwhile, Defense Minister Patricio Rojas refused to make any comments on the Army situation.

[Begin recording] [Rojas] Please...

[Reporter, interrupting] [Words indistinct]

[Rojas] Please, please. People are working in peace. The country is working in peace. Go and have a look.

[Reporter] Are there any negotiations with the Army, minister?

[Rojas] Please...

[Reporter, interrupting] But you act as if nothing had happened?

[Rojas] Ask the people their opinion.

[Reporter] But we are asking you as a minister.

[Rojas] [Words indistinct] the surveys. Excuse me. [end recording]

Designate Senator Scores Leakage of Secret Army Document

PY0206152093 Santiago Radio Chilena Network in Spanish 1100 GMT 2 Jun 93

[Relay from Valparaiso by Jose Manriquez Contreras]

[Text] Santiago Sinclair, a designated senator and former Army deputy commander, has stated that the recent Army actions were prompted by a series of attacks and harassment by political and government leaders, not just because of the reopening of the case of the Valmoval factory— which produced spare parts for rifles—in which one of General Augusto Pinochet's sons is involved.

Sinclair mentioned some examples: The presidential pardon granted to the terrorists responsible for the murder of General Carol Urzua, Colonel Roger Vergara and the attack on Los Quenes station; the reopening of existing cases and the opening of new cases of human rights violations that fall under the amnesty law; the delay by the Defense Ministry in the administrative handling of decrees that affect the Army; charges by a certain individual that the Army interferes in a political party; and the persistent wish to reform laws that affect the Armed Forces. These politically and unnecessarily affect the high commands and cause concern.

[Begin Sinclair recording] The Armed Forces must be beyond politics, committed to the Constitution because the Constitution establishes their origin, their commitment, their functions, and their relationship with the citizenry. The Armed Forces are aware and do not

doubt—as is established in the Constitution—their subordination to the political power or the existence of the chief of state. The worrisome fact is that, to some extent, the institutions' leadership is eroded by actions alien to the Armed Forces. [end recording]

Sinclair referred to a report by Deputy Jorge Schaulsohn on a document referring to negotiations for the purchase of the Valmoval small arms factory. He said, quote, this document, which is in the hands of a public individual who has exhibited it like a war trophy, is signed by me and I am fully responsible for it. I am surprised how this report was obtained. The institution has been infiltrated. I ask the public to reflect and determine how and through what means sensitive documents—which in this case is secret because it refers to weapons—are obtained, unquote.

Regarding the Valmoval case, Sinclair said he is not personally involved in any negotiations and added, quote, the Army has not made any profit, the process which will soon be made public simply refers to the transaction between the Army and the bankruptcy proceedings [quiebra inicial] of an enterprise that was later linked to the Army. He concluded that he hopes this situation will be overcome and that the government will be sensible enough to resolve the problem with the same caution and loyalty with which the Army has supported it and that it will gradually solve the problems so that civic-military coexistence and reconciliation will not be a mere cliche nor rhetoric, but something real.

Deputy Schaulsohn Refutes Charges

PY0206165093 Santiago Radio Chilena Network in Spanish 1100 GMT 2 Jun 93

[Text] The news conference yesterday by Santiago Sinclair, the former Army deputy commander and designated senator caused some surprise in Valparaiso.

Sinclair made some charges against Deputy Jorge Schaulsohn of the Party for Democracy [PPD], with whom we are now going to chat.

[Reporter] Deputy, good morning.

[Schaulsohn] Good morning.

[Reporter] First, we would like to ask you about the charges made by Senator Sinclair yesterday that you exhibited the Army report on the Army purchase of the Valmoval enterprise like a war trophy and, what is even more serious, that the Army has been infiltrated. What do you have to say about this?

[Schaulsohn] All I can say is that I have never heard anything so absurd. Frankly, Senator Sinclair hasn't the slightest idea what he is saying. He is completely mistaken and simply does not know what he is saying.

[Reporter] He stated that there is a network of infiltrators in the Army and urges you to disclose the contact that leaked this type of documents.

[Schaulsohn] Well, he can say what he likes but this theory of infiltration is ridiculous. All I can say is that if Senator Sinclair really knew from whom the Chamber of Deputies obtained this document he would have to eat his words, he would not know what to say because he is completely mistaken. I consider it regrettable that a senator of the Republic, even though he was designated, can assume as his own and manipulate what he regards as a list of complaints of military sectors precisely at a moment when the president of the Republic is travelling abroad, enhancing Chile's image and seeking to broaden our economic and political ties. I wonder if the public is aware of the very uncomfortable moment the president of the Republic must be experiencing and the damage, to put it bluntly, that this irresponsible behavior causes the country and the transition process to which Senator Sinclair refers, not just with this story about infiltration, etc., but also with the list of attacks which, he maintains, are allegedly directed against military sectors. I do not think this is appropriate behavior for a senator, even a designated senator, because—regardless of how he obtained his seat in Congress—he must defend the democratic institutions and the honor of his post.

[Reporter] Deputy, did you obtain the report on Valmoval enterprise from civilian or military sources.

[Schaulsohn] Entirely civilian. But I do not want to elaborate any further on this issue. All I can say is that they are significant documents and that they have not been exhibited as a war trophy but rather submitted to the State Defense Council. There are in fact three documents. Senator Sinclair is also mistaken, so as to say, about the nature of the document, because it has other connotations. This is for the State Defense Council to determine. I believe these documents should be attached to the other documents that the council has and that were collected during the investigation conducted by the Chamber of Deputies. It should be pointed out that many of these document, or the great majority of them, were secret or reserved because the mission of the Chamber of Deputies was to establish the truth and, with a subject like the one investigated, the only way to find the truth was by assessing and reviewing documents. Most of these documents, as the Army pointed out, are labelled secret or reserved as a matter of routine within the internal procedures of the institution. The only way to find the truth in these cases is through the documents endorsing the facts and this is what happened.

[Reporter] Lastly, Senator Sinclair said his comments were personal. Do you believe him or do you think it is the Army pronouncing itself through its former deputy commander.

[Schaulsohn] I cannot accept or believe that the Army is making political pronouncements. This, however, does not mean I am going to pretend nothing happened in the country over the past few days because this is not the way to solve the problem. I think one must remain firm and show Chileans, as is the case now but even more firmly, that the institutional order will be strongly defended.

Legislators like Santiago Sinclair, who are nobody's spokesman, cannot manipulate demands of a military nature and attribute them to the military sectors because this damages the democratic institution and, above all, it damages the president of the Republic at a time when he is making an important tour abroad. Unfortunately, as we have seen on television, instead of talking about the purpose of his tour, the president has to go around explaining what is going on in Chile. This is very regrettable, very sad. I, personally, urge those who are behind all this to reflect and end it immediately.

[Reporter] Thank you very much Deputy. Have a good day.

[Schaulsohn] Goodbye.

Deputy Schaulsohn Receives Death Threat

PY0306145493 Santiago Radio Chilena Network in Spanish 1100 GMT 3 Jun 93

[Text] Since Tuesday, 1, PPD [Party for Democracy] Deputy Jorge Schaulsohn and his family have been under police protection. This measure was adopted after Schaulsohn received a macabre warning at his residence: a funeral wreath was delivered to his residence. Although the envelope accompanying the wreath had another name on it, Schaulsohn saw the card inside the envelope read: Jorge Schaulsohn, Rest in Peace. The card had a cross printed on it.

Schaulsohn does not want to publicize or talk about the incident because of the shock he got when he arrived from Valparaiso in the afternoon and found his entire family upset by the message. He said that this is not an isolated incident.

He said that he had recently been receiving anonymous phone threats for him and his family.

Schaulsohn has already briefed experts that will investigate the origin of the phone calls. The experts stated that this is the first time threats have been directed against a politician of the Coalition of Parties for Democracy, but they have been directed against other public personalities.

Schaulsohn voiced his confidence that government authorities will implement the necessary measures to overcome this unpleasant incident.

Aylwin Arrives in Moscow on Official Visit

PY0206185093 Santiago Radio Chilena Network in Spanish 1700 GMT 2 Jun 93

[Relay from Moscow by Maria Angelica Rodriguez]

[Excerpt] Chilean President Patricio Aylwin, the first Latin American chief of state invited by Boris Yeltsin's government, is currently in Moscow. Aylwin arrived from Oslo on a partially cloudy afternoon with a temperature of 20 degrees centigrade, at 0700 Chilean time [1100 GMT].

Aylwin was welcomed with honors at the Vnukovo airport, where there are still monuments that bear the hammer and sickle. [passage omitted]

Position on Guatemala Situation Unchanged

PY0206211793 Santiago Radio Chilena Network in Spanish 1700 GMT 2 Jun 93

[Text] Foreign Ministry Under Secretary Rodrigo Diaz Albonico has disclosed that the Chilean position on the Guatamalan conflict has not varied so far in light of the the confusing reports on the exit of President Jorge Serrano.

Diaz Albonico said that it is still not certain whether there has been a true change in the Guatemalan crisis or whether the situation remains the same, but with different actors, following the exit of chief of state.

Asked whether Chile will withdraw its ambassador if it is confirmed that the Guatamalan Armed Forces have staged a coup d'etat, Diaz Albonico answered:

[Begin Diaz recording] I believe that all these decisions must be discussed, first with our brother nations and second with the Rio Group member countries. I therefore do not think Chile would unilaterally make a decision of this nature, scope, and significance. We would first find out what other countries believe. This decision is therefore still subject to discussion. [end recording]

Diaz Albonico added that the Chilean ambassador in Guatemala, Christian Bisquertt, is in Chile reporting on the situation in that country. It was learned here at the Foreign Ministry that this afternoon the ambassador would visit the undersecretary's office again.

Diaz Albonico will travel to Washington tonight, where he will attend the special meeting of OAS foreign ministers to discuss the Guatemalan case. He said that on that occasion Chile will submit a proposal upholding representative democracy and respect for human rights.

Senator Frei Resigns as PDC President

PY0306032793 Santiago Radio Cooperativa Network in Spanish 2300 GMT 2 Jun 93

[Excerpt] Senator Eduardo Frei Ruiz-Tagle has officially tendered his resignation as PDC [Christian Democratic Party] president. Here is a report by journalist Osvaldo Vega.

[Begin Vega recording] It is for me, personally, very satisfactory and a great honor to become the Coalition [of Parties for Democracy—CPPD] representative at such a crucial time in our nation's life, and have the possibility of pursuing the work of the current CPPD government headed by comrade Patricio Aylwin.

This remark was made by Senator Eduardo Frei this afternoon, when he officially tendered his resignation as

PDC president in order to fully dedicate himself to the CPPD presidential campaign.

After accepting Frei's decision the PDC executive board unanimously appointed PDC Vice President Gutemberg Martinez acting PDC president. The PDC executive board also appointed entrepreneur Edmundo Perez Yoma, who will reportedly be the executive secretary of Eduardo Frei's presidential campaign, as their fifth vice president. [passage omitted] [end recording]

Colombia

Pablo Escobar's Brother-in-Law Kidnapped

PA0306045493 Madrid EFE in Spanish 0404 GMT 3 Jun 93

[Text] Santa Fe de Bogota, 3 Jun (EFE)— Carlos Arturo Henao Vallejo, drug trafficker Pablo Escobar's brother-in-law, was kidnapped on the afternoon of 2 June as he left the airport in Rionegro, a town close to Medellin, the authorities reported.

Henao Vallejo, brother of Escobar's wife, Maria Victoria Henao, was kidnapped with another businessman, Francisco Toro, with whom he had just arrived at Medellin, coming from Cartagena de Indias.

According to Colombian television stations' evening newscasts, the vehicle in which Henao and Toro traveled was intercepted by approximately 25 armed persons as it was leaving Jose Maria Cordova Airport. The two businessmen were taken away.

Various relatives and persons close to the Colombian drug trafficker have been the targets of attacks, or their possessions have been attacked, by the group Los Pepes (Persecuted by Pablo Escobar). Nevertheless, the group announced over a month ago it had given up its persecution of Escobar and his closest men.

Escobar's father was kidnapped approximately eight years ago but was released unharmed after the drug trafficker's men managed to locate his kidnappers.

Escobar's wife was the target of an attack in 1987, when a bomb exploded and partially destroyed the Monaco building in Medellin, where Maria Victoria Henao and two of the drug trafficker's sons lived.

Congress Debates Modernization Bill

PA0306014393 Santa Fe de Bogota EL TIEMPO in Spanish 28 May 93 pp 1a, 7a

[Text] Subject to prior authorization by the president of the Republic, governors will be able to sign peace agreements with the guerrillas and, with the municipal mayors, define the rebel demobilization areas.

This became possible when the Congress plenum approved a group of articles of the departmental modernization bill as a bloc, which included an article giving additional mandate to the governors.

On reading the text of the article, Government Minister Fabio Villegas commented: "It is a piece of nonsense that will not thrive."

He added that the Constitution has made the president mainly responsible for public order and that he cannot be forced by law to delegate his duties.

A law will open the path so that regional dialogues can be carried out and will authorize the governors to sign peace agreements with rebel groups operating in their respective departments.

But the pacts, which will be promoted directly by the regional authorities, will refer to specific aspects that will have been previously defined by the president of the Republic.

The Chamber of Representatives plenum approved the dispositions on the topic, which will mean important modifications to the current policy toward rebel activities.

The Chamber gave the green light to Article 94 of draft bill 70, which stipulates norms aimed at modernizing the organization and operation of the departments.

Arlem Uribe Marquez, Liberal representative from Antioquia Department, presented the project to the Chamber, which also approved other dispositions on the same article that will allow the governors to create the conditions necessary to reintegrate the armed groups to civilian life and to designate the areas in which they will be gathered while regional dialogues are being held.

To define the demobilization areas, the governors will act in agreement with the mayors of the respective jurisdictions.

If the law is approved by the Senate, the plan for the regional dialogues, which the Gaviria administration has rejected, could play a leading role in the current administration's peace policy, which has even dictated that governors who talk with members of rebel groups be punished.

The plenum also approved, after three hours of debate, Article 33 of the proposal to toughen the qualifications for deputies to departmental assemblies.

The disposition considers the concept of simultaneous ineligibility which, in practice, would prevent deputies from aspiring to being elected Congressmen. The text reads as follows: "No one shall be elected to head more than one entity or public office nor to an entity or office if the respective terms of office coincide in time, even if partially."

Another of the approved articles states that governors will not be eligible to accept public posts or elected to

public offices for the period immediately following the one for which they were originally elected.

The bill places the governors' retirement program under central government jurisdiction. Thus, when a governor wants to resign, he will have to present his resignation directly to the government minister and not to a departmental assembly.

The articles of the department modernization bill will continue to be debated at the next plenary session on 1 June. Congress will also decide on the governors' wages. The bill proposes that departmental assemblies establish the governors' wages.

Several legislators favor stipulating in the law that governors will receive a wage equivalent to that of a congressmen, which is currently close to 3.5 million pesos. This salary does not include the daily expense allowance stipend.

New Ministry Created To Collect Taxes, Control Customs

PA0206044493 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 1 Jun 93

[Text] The National Customs and Tax Directorate [Direccion de Impuestos y Aduanas Nacionales], DIAN, on 1 June became one of the state's largest agencies with 6,300 employees. It will be a super ministry. There will no major changes or traumas for regular taxpayers and businessmen—only some office changes will be noticeable—but the new agency will certainly complicate the lives of those who cheat the country.

[Begin recording, DIAN Director Pedro Nel Ospina] This agency has the capability to follow up and process information and knows what is going on concerning taxes. [end recording]

DIAN will strive to persuade, rather than punish, to increase tax collection. The super ministry will have 39 offices all over the country. These offices will be in charge of collecting 6 trillion pesos in taxes per year and prosecuting tax evaders. They will also try to curb the contraband that is so detrimental for our national industry.

Groups Unite To Form 'Conservative Union'

PA2805192093 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 27 May 93

[Report by Guillermo Gonzalez]

[Text] At noon on 27 May, the Conservative Tequendama Line Directorate and the Social Conservative Directorate officially united to become the Conservative Union [Union Conservadora]. I spoke with Conservative National Directorate member Jaime Arias Ramirez:

[Begin recording] [Gonzalez] Dr. Arias, is the Conservative Union a fact now?

[Arias] Yes. We hope it is a permanent union and that it will allow us to win the presidency of the Republic in 1994.

[Gonzalez] What were the terms of the agreement?

[Arias] The agreement was reached without difficulty. Simply, members of both directorates met a couple of times and, taking into account the desires and feelings of conservatives and of many Colombians, decided to unite, without any problem. [end recording]

Security Agency Reports Intercepting FARC Communications

PA0306023893 Santa Fe de Bogota EL TIEMPO in Spanish 28 May 93 p 8b

[Report by Miller Rubio]

[Text] The Revolutionary Armed Forces of Colombia (FARC) ruled out any possibility of a government dialogue and are preparing to continue their military actions in areas where the 60 fronts of that criminal organization operate.

State security agencies learned of the FARC intentions while monitoring a communication in which the FARC top leadership explained the decisions made during their summit between 27 March and 3 April in a jungle area in La Uribe.

According to the communication, which was intercepted by amateur radio operators working for state agencies, FARC increased the number of its secretariat members to seven by adding Jorge Briceno, considered to be one of FARC's most dangerous criminals, and Efrain Guzman, commander of the FARC 5th Front.

The following people took part in the monitored communication: Alfonso Cano, "Manuel Marulanda", Timoleon Jimenez, Raul Reyes, "El Mono Jojoy" [Jorge Briceno], Adan Izquierdo, and commanders of the 60 FARC fronts throughout the country.

Cano is heard telling the commanders in the conversation: "As it is absolutely clear in the text of our eighth conference, our agenda does not include dialogue with Dr. Gaviria's government."

Cano ordered the commanders to start a publicity campaign to spread information the FARC strategy regarding a possible government dialogue.

Cano said: "We will now read the documents so you can start working on them. Edit them, promote them at takeovers, in activities with the masses, and at checkpoints (...) there should be a minimum discussion of these points so we can deliver them to the people with the fullest force possible."

Cano admitted that public order forces have struck different structures of the Colombian guerrillas and said:

"Blows received during this last stage are not very different from what we normally receive during clashes."

Regarding the possibility of renewed talks with the government, Cano told the commanders: "There is nothing more to discuss with this government (...) the agenda did not include on our part cease- fire proposals or things of that nature."

During the conversation, Cano told the commanders that "Tirofijo" [Manuel Marulanda Velez] is to be ratified as FARC top leader and that "El Mono Jojoy" and Efrain Guzman will join the secretariat.

Cano said: "It was decided at the conference that the national secretariat should increase its members to seven from the current five with the inclusion of Commanders Jorge Briceno and Efrain Guzman."

About Briceno, who is known within FARC as "El Mono Jojoy," the security agencies say that he has cases pending for illegal arms possession, homicide, rebellion, and kidnapping.

Intelligence reports indicate that up until September 1992, Briceno had control of six guerrilla fronts in eastern Colombia that are part of the so-called Eastern Block General Staff [Estado Mayor del Bloque Oriental—Embol]

"El Mono Jojoy" is also identified as the man in charge of coordinating the kidnapping of ranchers and businessmen in a large area between Meta, Caqueta, Arauca and Casanare, Vichada, Guaviare, Vaupes, and Guainia.

Regarding Guzman, the security organizations have established that up until March 1993 he controlled the FARC 5th Front military activities, whose operations cover a broad area in northwest Colombia.

According to investigations of the FARC top leadership by the Prosecutor General's Office, Guzman has cases pending for homicide, illegal arms possession, rebellion, and riot.

Incora Adopts Security Measures To Protect Oil Wells

PA0206163893 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 1 Jun 93

[Text] Emergency measures were adopted by the Colombian Institute of Agrarian Reform [Incora] on 1 June to protect the Cusiana oil complex from guerrilla attacks. The land located around the oil wells will be evacuated and fenced in by the Army. The Incora has declared 1,594 hectares of land part of a state territorial reserve in Casanare. This includes 12 plots located in Agua Azul and Tauramena municipalities.

[Begin Incora Manager Fernando Corrales recording] The Cusiana 1, Cusiana 2, Buenos Aires, and Cupiagua oil wells are located there. The areas also include land where drilling operations are being carried out, where other wells will be established later, and where oil complex development areas will be created. [end recording]

This is the second measure adopted under the internal disturbance decrees. The goal is to prevent guerrilla groups from establishing settlements and carrying out irregular actions that undermine the national economy.

Ibague Residents Restart Illegal Television Station

PA0106152493 Santa Fe de Bogota EL TIEMPO in Spanish 30 May 93 p 9b

[Text] On 29 May, Ibague residents decided to restart forcefully the Telepacho parabolic antenna services disconnected since 25 May by the Communications Ministry. The decision to disconnect the antenna was rejected by the community from the beginning.

The signal was reestablished by several community leaders who travelled to the community of Ancon Tesorito where the equipment is located and started operating it.

Meanwhile, another group of citizens burned an effigy of Communications Minister William Jaramillo Gomez. In addition, they staged a demonstration in the Ibague Manuel Murillo Toro Park protesting his orders to cut off the service.

The Ibague mayors office had turned off the antenna according to instructions included in Communications Ministry Resolution 1886. Ibague residents pointed out that the measure "was discriminatory if one takes into account that other cities are also using parabolic antennas without complying with established regulations."

After entering the Telepacho station and announcing that civilian guards had been posted, the rebellion promoters issued a communique where they stated that "according to the Constitution, sovereignty resides exclusively in the people from whom public power originates."

At the same time, the protest leaders demanded that Ibague Mayor Ruben Dario Rodriguez Gongoza respect their decision and allow the signal to remain on the air.

It is worthwhile mentioning that residents of the El Socorro de Cartagena neighborhood, Bolivar Department, prevented a similar parabolic antenna from being dismantled on 27 May. The service was being received by more than 2,000 households.

* Navarro Wolff on Domestic Policy, Other Issues

93SM0252A Caracas EL NACIONAL in Spanish 23 Apr 93 p A20

[Interview with Antonio Navarro Wolff, Democratic Alliance/ April-19 Movement [AD/M-19] presidential candidate, by EL NACIONAL reporter Berenice Gomez; place and date not given]

[Excerpts] Engineer Antonio Navarro is a very slim young man with blue eyes inherited from his German grandparents. He is a native of the Pasto area of southern Colombia. He has a remarkable sense of humor, and conducts himself with great style, displaying the same skill with which he learned to manage the prosthesis for his leg. It was blown off by a grenade and buried in Mexico, where he underwent the amputation.

"I tell the Mexicans that I have more roots in Mexico than they. Don't you see that a part of me is buried in Mexico?"

"Losing a leg is a valuable experience: it is hard to have to undergo it, but it helps to understand life better...besides, I can dance, ah!, really very well. I dance whatever comes along: the cumbia, porros, salsa; and better than you Venezuelans, who dance them miserably."

That same grenade left him with splinters and shrapnel in his arms and neck, which, although they make speaking physically difficult for him, by no means diminish his cleverness, his illustrious quality, his quick responses given in the most deliberate way, with razor-sharp cuts.

[Gomez] You survived. You are a survivor. Is that good?

[Navarro Wolff] Survive? (he asked). No, no, that is if someone did not do what he was supposed to do. Surviving is not dying. It is better to die than fail to do one's duty. In Colombia, you are not so much attached to life. You never know when it will be your turn...we all have a price. A price is paid for violence. That experience of physical survival is valuable.

[Gomez] During your stay in the Health Ministry, were you able to complete any specific project?

[Navarro Wolff] My personal stay in the Health Ministry lasted 10 weeks: the first 10 weeks of President Gaviria's government. Not much was achieved...but we began giving a direction to certain plans that were later developed further. On the one hand, there was the battle against corruption, because there is much corruption in public health. But there was also the drinking water development program, which is very important for Colombia, because it is a need sorely felt by the population. Furthermore, we worked on modernizing hospital administration, and it is now an example in Latin America.

[Gomez] What did you modernize?

[Navarro Wolff] The management, the administration of hospitals.

[Gomez] How did you do it?

[Mavarro Wolff] A hospital is a complex enterprise, as its administration must be. We left a design for an outpatient primary care program, in neighborhood homes, among the people. It is just beginning to be implemented now.

(According to Navarro Wolf, his brief stay in the Health Ministry benefited his political movement and his leadership.)

I believe that, while in the ministry, we essentially proved that different things could be done, and we left with considerable prestige. We were candidates in the presidential elections, and won 700,000 votes. Later, we were in the ministry, and in the election for the Constituent Assembly. We won a million votes, and had a growth of over 25 percent.

[Gomez] Imagining the future, how do you view it? Do you win the elections?

[Navarro Wolff] It is very difficult to predict. We have been away from public activity, without public responsibilities. We have a year left before the elections. We are having problems with our movement from the standpoint of its acceptance in certain regions. In others, we have retained and increased our influence; for example, on the Caribbean coast.

[Gomez] And what are those problems?

[Navarro Wolff] The fact that some of those representing us have not completely fulfilled the people's aspirations. The situations appear complex, making it very difficult to predict what will happen. We intend to begin the presidential campaign and, within one or two months, we will know how the future looks.

The Guerillas Outdated

[Gomez] How do you view the guerrillas in your country, who have not become pacified and are still killing?

[Navarro Wolff] I consider them outdated, because they have remained confined to the armed struggle, and because of their discourse per se. I believe that we Colombians want a change...but peaceful; and the guerrillas have not understood this. I would like them to be able to comprehend fully the importance of a decision for peace, to both Colombia and themselves.

[Gomez] And what about the liaison with the drug traffickers and the Senderists [Shining Path of Peru]?

[Navarro Wolff] I think that the Colombian guerrillas have connections with the growing of coca leaves, and with the poppy producers. But there are no clear ties with the other links in the chain. There are no indications that the guerrillas are exporting drugs. That link with the drug traffic is disadvantageous for the guerrillas, but it is limited. There has been some exaggeration in the propaganda against the guerrillas, exaggerating that role.

[Gomez] The charges of corruption made against President Gaviria's brother are being investigated. How does M-19 view him?

[Navarro Wolff] There are charges against the president's brother who is a builder, and they are being investigated. They are not important enough to prompt

the belief that they will seriously hurt the president. There is, rather, a charge of influence peddling against him, involving the award of subsidies for low-income housing construction. It may be inferred that he received preferential treatment in the allocation of the subsidies. By this, I do not mean that I know that the president or his family is not involved in another case of corruption. But as for signs of it, we would simply say that he is innocent, because he has not been proven otherwise.

Capital in Cucuta

[Gomez] How would President Navarro Wolff handle the border problem with Venezuela?

[Navarro Wolf] I think that the view of that problem taken in Colombia is different from the one in Venezuela. This is far less important to Colombians than it is to Venezuelans. I wish that the trade between the two countries would quadruple, so that the importance of that border problem would decline, because I am convinced that, if united, we Colombians and Venezuelans could be the leaders of Latin American integration. I consider the famous gulf to be the only pebble in the shoe. I hope that we can resolve the problem in an amicable way within a short time. [passage omitted]

[Gomez] Who do you think will win the elections in Venezuela?

[Navarro Wolff] In Colombia, we think that Caldera or Cause R will win (he replied for natural reasons), because the government's discreditation necessarily hurts the party. And if the one elected has wide support from the Venezuelan population, there could be a readjustment of the political situation in that country. And what is surprising is the fact that, despite those problems caused by the lack of stability in Venezuela, the binational trade is growing so significantly, and the binational accords are progressing. I think this shows that its course of action is practicable, and that, if we achieve political stability in both countries, and a greater rapprochement on all issues, Colombia and Venezuela could be destined to make Bolivar's dream of integrating Latin America come true.

I Prefer a Grave in Colombia

[Gomez] Do you prefer a grave in Colombia to jail in the United States?

[Navarro Wolff] Yes, of course, I prefer living in Colombia over anything else. The Constituent Assembly banned the extradition of Colombians, and we voted in it against their being extradited.

[Gomez] How does M-19 view Escobar Gaviria's escape?

[Navarro Wolff] I believe that the handling of the "policy of surrender to justice" in the Escobar Gaviria case was a disaster on the government's part. It achieved his consent to go to jail, put him there, and then began looking the other way. And so, of course, Mr. Escobar became master of the jail; there were doors open for him everywhere; anyone he chose could leave; and, when he thought he should leave, he did so. I have been imprisoned twice as a member of M-19. I wonder: what does a prisoner do? Well, he tries to escape, unless he is sick. And if he escapes, who is to blame: the prisoner or the one who let him escape? It seems to me that the government handled the Escobar case irresponsibly. The government is not responsible for what is happening now, but it would not be happening if the government had done its duty when he was imprisoned.

[Gomez] Will they capture him?

[Navarro Wolff] Well...it is the state against one man. What surprises everyone is that, despite the government's announcements that Escobar is defeated, he set a terrible bomb against it a few days ago. This proves that the state does not have all of them on its side, in that bag. President Gaviria has a bad conscience in that case, because he escaped from prison under their noses, and this has created a very critical situation for the Colombian Government.

Wonderful Forum

[Gomez] EL NACIONAL and EL TIEMPO held a forum on integration in Bogota. What is your opinion of it?

[Navarro Wolff] It seems wonderful to me. Colombian-Venezuelan integration is the most advanced on the continent, and I hope that it will be the most advanced in Latin America in the future. Perhaps some day we might consider one capital, which could possibly be selected between San Antonio and Cucuta.

Violence for a Price, Indestructible Guerrillas

[Gomez] What is going on with the violence in Colombia? It seems to be endless.

[Navarro Wolff] Do you know how many violent deaths occurred in Colombia last year? Well, there were 27,000. It all began years ago, in the rural areas, with the dangerous massacre committed between liberals and conservatives. As a result of political problems, they assassinated Gaitan during that period, in 1948. There were at least 300,000 deaths on this account between 1948 and 1957. It left a culture of Colombian peasant violence, which is what has served as the basis for the guerrillas. That is why the guerrillas in my country are indestructible within any foreseeable time. If we want to eliminate Colombian violence, we must change the rural culture. That can be achieved by negotiating peace with the guerrillas, and with a very deep-seated process of change in the peasant culture.

[Gomez] What frame of mind do you see in the Colombian military toward that problem?

[Navarro Wolff] I have learned that the people who most want peace are the ones who have waged war. I can tell you that ours was a very lenient guerrilla movement.

Many of our comrades were killed, but we learned to forgive and to tolerate. I saw that in El Salvador.

[Gomez] How does that fit into the policies of absolute pardon?

[Navarro Wolff] I am in complete agreement. When a war ends, the size of the armed forces should be reduced. The policy of purging seems highly complicated to me. I think that there is a way of doing things without justifying them, without having to explain to the limit, and without an intention to defeat and humiliate those who waged the war. Reconciliation is more difficult than peace; it is a matter of hearts. It can be achieved only by drawing a line and looking ahead; because wounds do not heal easily, and if lemon and salt are poured on them, and international commissions meddle with them, and fingers are put into them, it is more difficult for them to heal. I never approved of that purge of the Salvadoran Army. This does not mean that I justify the atrocities of wars. I believe that one can best resolve matters among the people from both sides who have been armed. They are people who have come face to face with each other. The ones who have suffered most and do not understand wars are the civilians.

Let Them Be Legalized

[Gomez] Would you legalize drugs if you were president?

[Navarro Wolff] I think that decriminalization of drugs makes sense in the first world, where the consumers are located. It would not serve any purpose in Colombia; it would be useless. Their decriminalization in the United States would be highly significant. The same thing would happen to them as occurs with coffee: the prices would drop.

[Gomez] Isn't there a double standard in the matter of repressing drug production? Who are the ones selling them on the streets of the industrialized world's cities?

[Navarro Wolff] In Miami, they are sold by Cubans and blacks; and in New York, by Mafiosi, Puerto Ricans, and blacks; not by Colombians. The basic paste costs $1.1 billion, it costs $500 million to produce, and they are left with $600 million net. The Colombians buy the basic paste for $2.6 billion, selling it for $4.5 billion; and they are left with at least $5 billion [as published]. And the Americans buy the cocaine for $7.5 billion, and sell it for $76 billion. Where is that $70 billion left? Well, in the United States. Who are the owners? They are people from here whose identities are unknown.

[Gomez] The Italian and U.S. police conducted the operation called "Green Ice," dismantling two powerful rings. They did not arrest a single American. What is the reason for that?

[Navarro Wolff] That has been the United States' policy: to fight against the supply, but to keep its eyes shut to the demand, and to where the substance originates, and where the dollars are laundered. That problem cannot be solved unless there is international consensus: if they decide on action, carry it out, and decriminalize consumption. In this way, prices of drugs would drop, and they would be converted into a medication or a vice, like other things. Or, if there is insistence on eradicating them, let it be done everywhere.

[Gomez] The Colombians contribute deaths to that war; to what extent?

[Navarro Wolff] We have had thousands, because the violence of the drug traffic has become endemic. We cannot abolish it; we must learn to control it; we have no other alternative. We cannot eradicate it alone, and I do not see the international community having any intentions. They think that Pablo Escobar has a very large and powerful Mafia...no. What he did was to go to the Medellin rings and assign them to kill, paying them a price: he paid 3 million pesos for a policeman, and 4 million for a car bomb. So, we have had over 4,000 policemen killed, and more than 1,500 kidnappings a year. In Escobar's last war, three policemen were killed per day for three months. Last year, there were 27,000 violent deaths: 3,500 for political reasons, 1,000 due to the drug traffic, and 22,500 as a result of sheer criminal violence.

Ecuador

Duran-Ballen on Economy, Other Issues

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[Interview with President Sixto Duran-Ballen by unidentified moderator and reporters in Quito—live]

[Excerpts] [Reporter] Good evening Mr. President, good evening friends throughout the country. Ecuador is following an economic policy sponsored by the IMF similar to that of other Latin American countries sponsored. The policy consists of a plan to curb inflation, improve the economy, open markets, and eliminate subsidies. The economic measures implemented on 3 (?September) are within the framework of the policy but have not produced positive results. Economically speaking, I believe the government has lost its opportunity to implement a solid adjustment plan. The announcement that old measures will be reinstated has unleashed the situation we are experiencing, in other words, an indefinite labor strike. What are the chances of a dialogue with workers, labor unions, and the National Development Council [Conade]?

[Duran-Ballen] Perhaps I should begin to answer your question by saying that even though our readjustment plans seems to be similar to those of international organizations, even the IMF, I would like to say that my government is not being sponsored by the IMF. The measures we have implemented were thoroughly discussed and we are convinced that we did the right thing,

that we had to implement them, and that they were necessary in light of the Ecuador we inherited on 10 August 1992.

Regarding the dialogue, we have had many meetings in the past. The lack of dialogue and the announcements of several measures have been used as a justification for the events in the past two days. I, however, believe the recent events have been prompted by issues, which are totally unrelated to the lack of dialogue or the announced measures. The United Workers Front presented a list of demands to the government, which appeared in the newspapers on 27 May, that have nothing to do with those alleged reasons.

They are asking that the government adopt certain measures which are inconceivable. Just imagine what it would be like if you reporters made demands and expected the government to be obliged to take them into consideration. For example, how can the workers tell the government they will put an end to the strike if we abolish the budget law, a budget law we should have passed many years ago, a budget law that will, upon its promulgation, ensure that all budgets take the government's social and economic development plan into consideration rather than the whims of those who must handle determined sectors.

Many of the public institutions believe the funds allotted for works and services belong to the institutions and have handled them in that manner. However, those funds belong to Ecuador. They belong to all of us and must be returned to the state in assets and services.

Do you think it is correct for an organization, no matter how respectable it may be, to ask the government to abolish laws. The workers also asked that we abolish the stock market law. This law opens the country's enterprises for all of us to participate as stockholders in a company. This law allows the workers, and not only the rich people, to be a shareholder. And so on.

They also asked that we recognize that there are 11 nationalities in Ecuador. I would like to ask you which one you would choose. I believe there is only one nationality in Ecuador. We are all Ecuadoreans. As president of the Republic, I refuse to echo what they are asking, much less suggest a change to something like that. I believe we must seek to integrate all Ecuadoreans. We must recognize that we have a multiethnic state, but it is not a multinational state. Look at what is happening in those countries that feel they are multinational. They are destroying themselves. What we must do is unite. Although, traditionally speaking, we can say the racial background of everyone of us is basically a mixture of Spaniard and Indian, we have benefited from the significant immigrations from Europe and various countries since early in the century. Consequently, Ecuador, like the rest of Latin America, is a mixture of many races. We cannot admit that ours is a multinational state. These are only a few of the points that cannot be accepted for a dialogue.

[Reporter] Mr. President, does this mean the government will enforce the policy enacted on 3 September regarding economic measures? Is an alternative being considered?

[Duran-Ballen] The policy that began to be applied on 3 September has yielded positive results. At best, the country—and the media, excuse me—thought this would be the solution of all our problems. But the country cannot recover fully in nine months. In nine months, the country has only taken steps to start the recovery. We are laying the groundwork for the future. At this point, it seems proper to ask: What did the country expect from the new government? One of my government's most positive aspects is the fact that we did not continue to take the same type of actions as the previous government, make any efforts to remain popular, utilize the often used artificial paper issuance program, or resort to the Central Bank for an overdraft. In nine months we have not overdrawn a single sucre from the Central Bank. We have not resorted to the Central Bank not even once, not even in recent emergency periods. The Social Security debt does not consist only of the contributions of those of us in the government, as it has been reported. Part of this debt was incurred by other governments for demagogic expenditures. This is perhaps what would have been expected from my government. But I think the country did not expect this from my government. Based on the knowledge of my passage through other public offices, the country (?expects) me to work. Because I had been public works minister, mayor, and bank president, I attained positive results almost since the very first day in office, as the country expected. But I received the country in an entirely different situation from that which prevailed when I worked in other positions.

[Reporter] Good evening, Mr. President. I represent international news agencies. I expect to touch upon international subjects later. Not to interrupt the line of thought, but I would like to ask you about the general workers strike, which concerns the country in general. I am not satisfied with your first answer regarding the dialogue. How much will the government yield? It is necessary to yield for the country's good. Workers have made some demands and the government has made some proposals. You are surely in a position to announce to the country any compensating social measures that the government can offer, not only to striking workers, but to the great majority of the population. Please comment on this, Mr. President.

[Duran-Ballen] Very well. Unfortunately, we will have to go back to 10 August. On that date, we received the country in a situation, which, as I said before, admitted only two alternatives. Only two. The country either remained in a shambles with a special budget, continued to resort to loans of all types from the Central Bank and other institutions, bloat the number of bureaucrats, and meet demands by giving everything available; or it followed the course set by my government to start seeking an economic reorganization. In the presence of this economic reorganization—the results of which are

impossible for anyone, you people or the country, to deny—it would have been possible to take social measures the same as if we had had the money. But we did not have the money.

We are forgetting, sir, that in the education system alone, there were 127,466 teachers on strike and over four months due just in salaries and job reclassifications, which had been previously approved. Don't you agree that it was a good social measure to bring the teachers' back pay up to date? At this moment all the public administration workers who get paid monthly have their salaries up to date. Those who get paid every two weeks are also up to date and the entire month of May will be paid in a few days. Don't you agree that the teachers should have gone back to work and allow youths and children to benefit from the education? These youths and children are paying the price of the previous government's failure to pay teachers in time.

Forgive me if it sounds boastful, but when I was [housing] minister I began construction work immediately; but I had funds, the state had funds.

I inherited a 1.3 billion sucre debt. This was not a budget debt, but a deficit of funds, a real deficit that had to be canceled. If my government had demagogically made a similar decision [words indistinct] it would have meant that the good things one hand did would have been wiped out by the other hand. It would have meant the exact continuation of what the previous administration did.

This is not just a matter of being unable. You may well argue that we could use long-term international credits from the World Bank and others, under favorable terms such as a period of grace. You may ask why were they not used? When I was president-elect in June [1992], I did not request new loans from the international organizations—our loans are current ones.

U.S. AID Loan No. 007 for housing was signed by me when I was president of the board of directors of the housing bank. This loan was not used at all during the previous administration. I requested that we be allowed to make it effective on the basis of what we had already done, with contracts distributed among many small contractors throughout the country. During that period we were able to build 104,000 homes because we spread this out among 2,506 building contracts. I requested that we be allowed to do the same. Why were we not allowed to do the same? Why was this not allowed, you may ask? Ecuador's prestige was so run down at that time that international organizations were not able to take our request into consideration.

It is only in the past few weeks that we are completing the various requirements most international institutions call for to be able to activate the previous loans and obtain new loans. International organizations have judged me by what the previous government failed to do and not by what I have done.

[Reporter] Mr. President, the workers need assurances that there will be no additional economic measures and that there will be no new hike in gasoline prices. The workers need a definite reassurance to this effect. This would surely be a way to end the strike.

[Duran-Ballen] Currently approved telephone and electric power rate hikes are just a fraction of the September increases. These increases are more of a readjustment than part of any economic program. The institutions that render the service need this added revenue. Perhaps we should have made just a single increase in September to avoid all this. At that moment we were unable to see any further than what we saw. Regarding what has been termed a package deal [paquetazo]—it is only these two items. There is no package deal; there are no other measures. Regarding the workers, in July, according to the law, which we are going to keep to, we shall be increasing workers' income—wages and various compensations the law provides—the way we have done in the past.

[Reporter] Will the goal of lowering inflation to 30 percent be kept?

[Duran-Ballen] Definitely, definitely.

[Reporter] Mr. President, the levels of job production in the various branches of industry have dropped during 1993 as a logical result of the government's goal to lower the 1993 inflation rate to 30 percent and 20 percent in 1994. Does this mean that 1993 and 1994 will be recession years? Or is there an alternative to begin reactivating the economy?

[Duran-Ballen] I would say that as far as creating new job opportunities, this is already taking place. These past few weeks bids have been opened for housing projects now that we can start the ball rolling because the country has recovered its lost prestige. You have noticed bids for road construction projects. This means there will be construction companies working. [passage omitted]

[Reporter] Mr. President, after listening to the logic of your explanation, the people would be satisfied and would accept your view. But it turns out that, when accepting the first program of adjustment measures in September 1992, the people did so reluctantly and resignedly, as if there was no other alternative. The people said that at least an alternative for a new path was being offered. In other words, if during 10 years there was a succession of unfair economic packages, as they are referred to, the people said that now with the new path and the new president, who promised a new goal, we at least have hope this will not continue.

Are you not yourself explaining why this somehow continues? But this is not the image of the government, Mr. President. The government gives the image that first there are differences among government members. The government gives the image of deep internal contradictions. Then the image of the government—I respectfully tell you this, Mr. President—is that of a government

without a guide, a government that does not know where it is going and does not have a path, a government that does not have a defined commitment and goal. Mr. President, it is obvious or it is perhaps perceived that you are an indecisive person, that there is no political commitment to support change. It is perceived that there is no political commitment so that these kinds of unfair economic measures be somehow compensated socially and countered with a trimming of public spending and a reduction of the state. This is not happening and people feel that they are being constantly forced to continue to finance inflation, collective bargaining agreements, waste of money, and corruption.

[Duran-Ballen] No. Excuse me. Not corruption. I believe I live a clean life. The country knows it; they know me, they know me too well.

But let's look into some of the things you said. You say there is a lack of decision and no new path. I think we have taken a new path. You say that there is a lack of support for the change but, other presidents spoke of change, they spoke of much change. I have started that change. That is my government's greatest decision. My government decided to change this country and straighten it out. But this cannot be accomplished overnight or by taking some measures in one direction and take others that contradict the first measures. We must be consistent. [passage omitted]

[Reporter] The following question requires a clear answer. Has the Stock Market Law gone into effect already? Since time has passed, the country wants to know if the Executive Branch supports the reforms made to the original Stock Market Draft Bill?

[Duran-Ballen] The draft bill was undoubtedly modified. The country knows this. This draft bill is necessary. Many governments said a Stock Market Law was necessary here. No government promoted this bill though. My administration sent the Stock Market Draft Bill to Congress. Then Congress made some modifications to the bill. I was left with several options. One of them was to veto the bill completely. This would have been like going against the government's and my belief that this bill was necessary. Therefore, I could not veto it completely.

I could also have vetoed it partially and run the risk that the legislature would not accept the partial veto or would file it away. I preferred to execute that bill by virtue of the law, because that law—although it has some aspects which should be improved through regulations—is necessary for the country.

At this time, the technical and economic team is analyzing the law as it is now. It is preparing the necessary regulations that will be issued in due time. I believe the law gives me a 90-day period in which to do that. And if the study determines that some reforms are necessary, I will send it back to Congress.

[Reporter] Mr. President, does the government agree with the three controversies over [words indistinct] tax, participation of [words indistinct] in the stock market, the exchange of debt documents for [words indistinct]

[Duran-Ballen] [words indistinct] the bill cannot be left as it is. This matter will have to be regulated according to the nature of the kind of operation, contribution, and activity.

Regarding Social Security Fund participation, we are considering the convenience of this. This will have to do later on with the attitude of the very [words indistinct] on his process of reorganization. I think that the acting director has currently assumed his role in that regard. He has recognized that it is an institution different from what it should be due to several reasons. It does not provide the services it should and it does not meet the needs of Ecuadoreans.

The very institution, as part of its study and with the counseling of the government, will determine what its future activities will be. This will be taken into consideration for the observations and reforms to the law or the regulation.

[Reporter] Mr. President, in 1992 President Alberto Fujimori was cornered by the opposition, by a Congress that did not allow him to rule, and by a Supreme Court of Justice that, according to him, was corrupt. He made a very drastic decision which was, at that moment, condemned at the international level. A few days ago, the Guatemalan President did exactly the same. Could we say in Ecuador we are far from such a situation?

[Duran-Ballen] Fortunately, yes.

[Reporter] What is your opinion on the decision made by President Serrano in Guatemala?

[Duran-Ballen] I would like to remind you that in 1978, after the first round of elections when I was a candidate, I proved to the country that I believe in democracy. When my own fellow party members asked me to withdraw from the process, which would have interrupted the return to constitutionality, in spite of my being convinced that I [words indistinct] in light of the country's situation at that moment, I maintained the process. I demonstrated that I believe in democracy.

I believe that democracy, with all its drawbacks, is the way to solve the nation's problems. I anticipated 14 years ago, that I do not believe in situations such as those that have taken place.... [pauses] I say this with the greatest respect, as one should not meddle in the internal matters of other nations. I do not believe in the road taken by Peruvian President Alberto Fujimori nor in the one taken a few hours ago by the Guatemalan Government. I hope that, just as the Peruvian Government sought its immediate return to the constitutional democratic order, the same thing will happen with Guatemala.

[Reporter] You still do not have a very drastic opposition against your government, but that correlation of force could change in the next....

[Duran-Ballen, interrupting] It could change but that would not authorize me, morally or constitutionally, to impose my will. I accepted the mandate bestowed on me by the majority of the people through the elections and swore to respect the Constitution and maintain the country's democratic regime.

[Reporter] Is that a promise, Mr. President?

[Duran-Ballen] Yes sir.

[Reporter] Thank you.

[Reporter] Mr. President, nine months have passed since the beginning of your government and we still have not heard what is your specific position with regard to topics such as the privatization of state-owned enterprises such as the Emetel [State- Owned Telecommunications Company] and the Ecuadoran Aviation Company; or about the investment of state-owned stock in companies like the cement company; or about other topics such as the reduction of the participation of the Army sectors in businesses. What could you tell us in this respect?

[Duran-Ballen] I think the country does indeed know what I think in this regard. The fact that I, my government, sent a state modernization law to Congress, indicates the direction in which I think the State should move.

We must remember what I said during my campaign, and I reiterate it now, I think I have not changed a single line of what I said: The process for the reform of the State is formed, as I see it, by four possible types of [words indistinct]. One is reorganizing a section, department, or activity of the State so that it is as efficient as private enterprises, with low costs and high productivity. Of course, we cannot privatize the Presidency of the Republic, but we can make it more efficient.

Efficiency is not achieved by increasing the number of personnel, but by reducing it. Almost since the beginning of my administration, there have been 39 vacancies in the Presidency of the Republic which I have not filled. There were a bunch of advisers who were useless. I am trying to reduce the personnel, setting the example from the Presidency. Reducing personnel and seeking efficiency. I hope that those who are listening to us will not come now asking for a job. That is something else in favor of my government. We have not filled the administration more than is necessary, on the contrary, we have reduced....

[Reporter, interrupting] What about the specific case of the [words indistinct]?

[Duran-Ballen] That is beyond the hands of.... [pauses] On the part of the State.... [pauses] And I have the data. I have the data. [repeats himself] In the nine months of my administration—whether by endorsing retirement, buying resignations, or not filling vacancies—we have not filled 2,837 vacancies. We have accepted resignations from 6,109 persons and have bought early resignations from 4,965 persons. This proves that what I am telling you is true. And, this is only the part that depends on the State. The Executive Branch cannot control this in the organizations that have their autonomy. Thus, the convenience of what I was saying a moment ago, the Tax Law, which forces those entities—who now think that because they manage their own funds they can do whatever they please—to stick to a budget approved by the Finance Ministry that will not allow, and is not allowing, them to continue to grow like that. [sentence as heard]

This is only the part that depends on the State. It may be only 14,000 or 15,000 persons, but the important thing is that those persons have not been harmed. They have all left with what, in the cases of voluntary retirement, the law granted them; and in the cases of negotiated resignations, with what we were able to give them. We could have done more if we had the resources.

Now lets get into [words indistinct] four parts. The first part is giving the State's activity the efficiency everyone expects. [words indistinct] when the people go to Emetel, for instance, or to [Words indistinct] or to the social security. The second step in the modernization of the State would be promoting joint enterprises in which the State may maintain the value of its assets at that time and makes a profit that would enable it to provide the service, which it cannot provide [words indistinct]. And how? By managing the enterprises, not with the criteria of [words indistinct]. The [word indistinct] enterprise, over the four years [words indistinct] the Housing Bank, did not need allotments from the State because it was simply managed by a group of business- minded persons. They managed it with the criteria of, not political posts but, managing a business.

When I was mayor, the (?slaughterhouse), which had traditionally received support from the municipality, was organized as an enterprise and it became quite successful. It never again needed municipal support—at least while I was there. I do not know what happened later [words indistinct].

The third case would be to turn many of the state's enterprises into private enterprises, handled according to business standards rather than political standards.

The fourth case—this can only be applied if the previous three do not work—is privatization, based on clear rules and guidelines which allow the participation of everyone. It should not strive to favor [words indistinct]. I believe this is quite clear and we have done it whenever we have been able to, based on the current laws. Referring to the law, we are waiting for the congress' decision.

[Reporter] Does the third case, meaning privatization, include the Armed Forces enterprises?

[Duran-Ballen] I think there is a bit of bad information, or incomplete information, on the Armed Forces' case. Only two of the enterprises are fully, wholly owned by the Armed Forces. They are both of the strategic type. The remaining 16, or 18, or 20—I do not remember the exact number—are all enterprises which include private

participation. The Armed Forces' participation represents the minority in many of them, many of them, perhaps most of them; and the private sector's participation represents the majority. Consequently, there is a misconception.... [pauses] it is a mistake to believe they belong exclusively to the Armed Forces.

[Reporter] Referring to the United Workers Front [FUT], I now want to refer to the social conflict issue. I have just returned from a forum in Costa Rica and I participated in a meeting with 20 Farabundo Marti National Liberation Front [FMLN] guerrilla members. These guerrilla members have turned in their weapons and are now participating in a Central American Institute of Business Administration [INCAE] economy course to study the new reality and assimilate the concepts of the geopolitical reality which currently prevails in the world. Meanwhile, the Ecuadoran people are immersed in a permanent confrontation. It is like talking to a brick wall. The government and certain so-called representatives of our society go from one extreme to the other. We currently face a strike that simply proposes violence as the mechanism to solve problems, but it does not provide solutions. The question is this: Mr. President, if you have leadership as you claim—many agree you do have leadership but others disagree with this—would it be feasible to advocate a national dialogue? I do not mean a dialogue to discuss 26 government proposals, 17 FUT proposals, and 40 proposals from the university. I mean Ecuadoreans should reach an agreement on two or three topics—for example, the state's role, education, Ecuador's participation in the international community, and transportation. In other words, Mr. President, is it or is it not feasible for you to champion a rational, intelligent, and pragmatic dialogue based on a specific schedule so we may reach an agreement and end this round of insults, beatings, and attacks on society, which lead us nowhere?

[Duran-Ballen] I agree, Mr. Maldonado. I have always proposed what you have just said. I have said nothing else since the very first day of my administration. I have talked about a moratorium. I said: Let us decree a political moratorium so the Ecuadoreans may get together and forget our differences. I have said this thousands of times. I said it during my political campaign. What kind of dialogue can you have when the other side establishes conditions? That is not a dialogue. A dialogue is what we have right now. You came here without conditions from me and I have received no conditions from you. This is a dialogue.

However, if you propose a dialogue and say: Look, architect, we can only meet with you if you want to discuss this and that topic and if you leave out that and the other; or if you wear a brown suit instead of a gray suit—that would be establishing conditions. How can you have a dialogue when one of the conditions demanded from you is that you admit the country has 11 nationalities? There are probably 40 ethnic groups in the country. I agree this is a multiethnic country, but how can you participate in a dialogue if the other party proposes that you derogate laws? These laws have been studied and planned thinking about Ecuador and its needs. Moreover, I would think that you all agree with these laws. How can we abolish a budget law? It would have been fine if we had laws like this many years ago, because then the situation would be different. Why should we abolish a law such as the stock market law, with all the reforms that are necessary?

That is not a dialogue; that is imposing conditions. They are talking to us about salary increases in terms that the state cannot pay. A dialogue means attending a meeting, hearing the other party's arguments, and accepting the reasonable arguments presented by the other party. It does not mean imposing conditions. I fully agree with you, and I have shown it. I believe that very few presidents....[pauses] Furthermore, I would dare say that I have had more arguments...[pauses] conversations—I am not going to call them arguments—with the labor leaders in the nine months of my government than many other rulers have had throughout their entire administrations. I have had dialogues with all sectors at all times. A dialogue in which impositions are made is not a dialogue. [passage omitted]

[Reporter] Mr. President: Presidential administrations usually do not fulfill their campaign promises, and then they wear out. But the country was not really expecting something as bad as this current administration. Polls say that over 70 percent of the population already describe your administration as bad or very bad. You have said that to rule is to rectify. When are you going to start to do something about this?

[Duran-Ballen] I dislike referring to the polls...[pauses] because parallel to that wearing out—as you call it, and which is evident at this time....[pauses] For example, polls taken on 27 May say that 77 percent of the population supports the government's firm stand of not yielding to the proposals made by the strikers. As you see, things can change in 48 hours. Polls can provide guidance at a given moment, but I do not think they can be used to measure anything permanently.

In recent weeks—not before when I was not very active because of my back surgery for about two or three weeks—after the Cuenca events, I began visiting various sectors of the country. I found the Ecuadoran people very receptive in El Oro, Manabi, and in Los Rios, where I visited today. These polls do not reflect the truth. Those polls basically reflect the truth in Quito and some parts of Guayaquil, but mainly in Quito. And why? Because Quito is where bureaucracy resides. Everyone in Ecuador should realize that this has to be changed, the people must become efficient. Polls also reflect in Quito that this is where all the political parties reside, and this reflects [words indistinct] yet they accompanied me. Thus, I invite them to accompany me to any area of the country. The atmosphere prevailing in other parts of the country is quite different.

[Reporter] Does that mean that there is no need to make any changes?

[Duran-Ballen] No, there are many things that need to be rectified, and we are rectifying them. But if every human being rectifies each day everything that has to be rectified....

[Reporter, interrupting] What could you do...?

[Duran-Ballen, interrupting] I am not a proud man, I admit when I make mistakes. When I see I have done something wrong, I will rectify it. I have shown that many times in my life. How many proud people refuse to admit the mistakes they made the day before?

[Reporter] What mistake would you admit you are going to correct?

[Duran-Ballen] Well, apparently, the country would like for me to have more meetings such as this one so that the country will get to know me better. I am going to do something about this. I am going to spend more time with the journalists.

[Reporter] Mr. President: There are two issues that call perhaps for a very short answer. What is the status of the dialogue between Ecuador and Peru? How about your trip? When are you going to travel to Lima?

[Duran-Ballen] The Ecuadoran and Peruvian foreign ministers continue to hold conversations, based on the guidelines that President Fujimori and I gave them during our last meeting. We continue those contacts, and I hope that according to what had been arranged, I will be traveling to Lima within a year.

[Reporter] There is no date?

[Duran-Ballen] No, we have not set a date yet. This will result from the talks, and I imagine it will have something to do with the internal situation of the other country.

[Reporter] The other topic that concerns us is that three weeks ago, two U.S. engineers disappeared in the eastern part of the country while they were working to build an oil pipeline. Some investigations were made.... [pauses] It is known that they were taken to Colombia. What information do you have on that, because very little has been said about it. The media has very little information on this issue and that worries us, because if we fall into this wave of kidnappings, no one will invest, no one will want to come to Ecuador.

[Duran-Ballen] Yes, this is very sad, and because of this, the National Police and the investigative organizations continue working to find any clues. Up to this moment, I do not have any additional information. As you well know, there are many things going on not only in our country, but in other countries, and these things are left lost in history. In the United States, a country with so many resources, union leader Hoffa disappeared and to this day no one knows what happened to him.

[Reporter] Mr. President: Concerning the modernization program, is education going to be included? We must bear in mind that this is a key element so that the country will be competitive, so that we will have access to human resources that are qualified and efficient. Within that framework, is the government planning to carry out radical educational reform, the way it did in the economic field?

[Duran-Ballen] Every day the education minister is implementing certain changes and measures. First of all, we must try to get our education programs up to date. One of the first concerns we have is that if we want good students, we must have good teachers. They are all Ecuadorans, some of them perhaps are involved in politics, but most of them are working very hard and require our support.

As for superior education, I have asked the university, which is autonomous, to come up with its own analysis. It must do this, because this is not just a matter of handing out papers but of preparing citizens for the country's economic and social development. We are seeking some joint action with three or four of the superior institutes that have understood that this is their mission.

For example, as a result of the unfortunate events at the Paute River, we have been conducting studies at the University of Cuenca. Professors and students are becoming more involved all the time in the country's development.

Next week I am going to visit [words indistinct] in Guayas Province to view their facilities in Guayaquil and those fronting the Pacific Ocean. If I am told that the Ecuadoran universities do not believe the state should continue pouring money into a bottomless pit, but rather make sure that these contributions will go toward research and the economic development process, then we will go in that direction.

[Reporter] Is there any specific program for this? If so, how will it be implemented?

[Duran-Ballen] I am waiting for the proposals from the university. I am waiting for the proposals from the Higher University [Universidad Superior]. I recently held a meeting with all the deans and I told them that they all need to understand their university's role, because some of them are somewhat politicized. I told them that I have preferred to work individually with those universities that understand that their role in the country's development process is to participate by preparing our youth for tomorrow. [passage omitted]

[Reporter] Mr. President, the government is almost one year old now. One of the objectives it set when it came into power was to renegotiate the foreign debt. Almost a year has gone by, I repeat, and this has not been achieved. We were told that there were excellent negotiators working on this yet the country has no agreements.

What problem have the financial institutions found that keeps them from reaching an agreement? Can you describe this defect for us?

[Duran-Ballen] No, look, the banks and international financial organizations found that Ecuador was in a situation that did not allow for a renegotiation at that time. It is as simple as that. Now that we have shown, with the sound figures of the past few months, that we are serious about getting the country back on track, economically speaking, the doors are beginning to open. Now, I did not say I was going to renegotiate the debt by this time. I said that it was one of my goals, but I did not set a deadline. I never set deadlines on things I know will depend on third parties. I can set deadlines for myself when I know that it depends exclusively on my will and on my effort. When I depend on a third party, I do not set any deadlines. I did not say that we would have renegotiated the debt within a year. We have started out on the right track toward a renegotiation agreement.

[Reporter] But are you looking for an agreement, some sort of proposal and counter proposal with the banks?

[Duran-Ballen] We are looking at that, yes.

[Reporter] What sort of proposals and counter proposals are you working on, Mr. President?

[Duran-Ballen] Obviously this is an ongoing process, so we cannot discuss it.

[Reporter] Are you looking for a reduction of the foreign debt? How much do you want the overall foreign debt total to drop?

[Duran-Ballen] Let us just say that your wish and mine is for it to drop as far as it can. That is to cut it as much as possible and have the grand total be as small as it can be. Now, if we look at this from another point of view and see how serious our government is, the seriousness that our government has begun to demonstrate by showing that it is now in a position to reach an agreement, we will see that our debt will decrease. That would be one of the best ways to prove that they are taking us seriously. There is trust that the debt will be paid.

[Reporter] Has the fear of something like what happened with the Citibank debt gone away? A judge in New York ordered one of the oil fleet accounts to be debited. Could something like this happen again?

[Duran-Ballen] That was an arbitrary move we hope will not happen again. We have taken precautions to prevent that sort of thing from happening.

[Reporter] Since 3 September 1992, our exchange policy has managed to keep the exchange rate somewhat stable. By the same token, the inflation rate has remained rather high. Are you not risking decapitalizing the export sector, which is one of the country's major sources of income or are you looking into other alternatives to promote sales abroad?

[Duran-Ballen] I believe my government has demonstrated its willingness to participate in international open trade. Other governments have spoken, while we have acted. We have open trade agreements with Colombia. We are carrying out talks with our neighbors and the Group of Three and Mexico. This all shows that we are in fact looking for alternatives. Allow me to point something out to you, as you are in the economic field and must be aware of this, that inflation rates for the past few months— except for October when it went up—are lower than those of the previous five years. This means that we are beginning to get a hold on inflation. That is the greatest social project we can offer the country: to lower the inflation rate. You, who know the economic field, know this well.

[Reporter] Does this mean that the exchange rate will not be used as an incentive for exports? Will other things be used?

[Duran-Ballen] Why, definitely we will be looking for alternatives.

[Reporter] What are these alternatives?

[Duran-Ballen] I do not have that information right now. [passage omitted]

Paraguay

President-Elect Expresses 'Happiness' Over Proclamation

PY0206152893 Asuncion ABC COLOR in Spanish 2 Jun 93 p 11

[Text] Juan Carlos Wasmosy last night expressed his happiness that Congress has proclaimed him president. He stated that the unanimity with which the victory of the Colorado Party and his ticket were declared will further urge him to organize a government to look after the interests of the Paraguayan population as a whole.

Wasmosy attended a dinner at the country home, in the town of Mariano R. Alonso, of Atilio R. Fernandez, the coordinator of the Colorado party's election campaign, to celebrate the congressional declaration that acknowledges the victory of the Colorado Party in the 9 May general elections.

In the midst of steady stream of congratulations from fellow party members, Wasmosy indicated that the importance of the congressional decision lies in the unanimity with which his election as the new president for the 1993-1998 period was ratified. He explained that the legitimacy of his majority was acknowledged by congressmen from other factions and political parties.

He added that the victory mainly pertains to the Colorados who once again demonstrated their power in elections, thus overcoming an unfavorable trend.

The participation of ministers, presidents of state and decentralized organizations, precinct presidents, and political operators in the meeting was also noted.

The celebration included musical groups that continuously played the Colorado Party Polka and other polkas that refer to the party.

Some grassroots leaders publicly asked Wasmosy to be cautious in forming his cabinet and in naming the authorities that will head state organizations.

The Colorado Party leaders complained about "lukewarm directors" [of state enterprises] who provided very little cooperation during the election campaign. They insisted that party unity must be achieved and that projects that "are still being tested," referring directly to the National Encounter Alliance, must not be used.

The official proclamation of the new president was also received with happiness in Wasmosy's home. The new chief of state's closest friends held a small party to celebrate the decision of Congress.

EN Recognizes Election Results; Notes Irregularities

PY0206153993 Asuncion HOY in Spanish 2 Jun 93 p 2

[Text] Through its leader Guillermo Caballero Vargas, the National Encounter (EN) yesterday recognized the election results approved by Congress but submitted a note explaining its position regarding issues that occurred before, during, and after the presidential campaign.

Caballero Vargas said: "In this note we point out the positive points, the mistakes, and the limitations that led to the 9 May elections. Our purpose in submitting this note is to correct everything that needs to be corrected for future elections so that these may be held within a framework of equal opportunities for everyone involved."

The note, which was addressed to the president of Congress and which in the end was not studied by the legislature, states that "Although it is true that with the support of the majority of Paraguayans our country is painfully recovering from a long dictatorship that subjugated our society for decades, it is no less true that this situation must not continue to be used to justify excesses, arbitrary situations, and violations of the law."

The note details many abnormalities, among which are those incurred by the legislature, particularly the numerous amendments made to the electoral code during the pre-electoral period, even just a few days before the elections.

It also details irregularities in the use of state property, voters' lists, credentials of poll watchers, and vote tally proceedings records, in addition to several violent incidents.

The EN states that the congressional committee bases its ruling solely on what is reported in the vote tally proceedings records. It adds that the vote tally proceedings should not have been the only material to be considered "because of numerous instances which should have been studied and which were justifiable reasons for nullifying the elections because they were as serious as those that affected the electoral records."

PLRA Accepts Election Results, Rejects Process

PY0206160793 Asuncion ABC COLOR in Spanish 2 Jun 93 p 11

[Text] Both Domingo Laino, presidential candidate of the Authentic Radical Liberal Party, PLRA, and PLRA President Juan Manuel Benitez Florentin have made it clear that the PLRA institutional position is of complete rejection of the electoral process but, in view of the national political situation, the party has decided to accept the election results.

Speaking at a joint session of Congress yesterday, Benitez Florentin justified the PLRA position, listing several events which the PLRA say stained the latest electoral process. He said: "The PLRA believes the 9 May elections were not clean or transparent."

Benitez Florentin added: "Despite the large and illegal inequalities, the PLRA and the opposition were successful. In spite of the inequalities is more deserving to obtain a majority in the two chambers, win five governorships, and obtain an important number of departmental councilman."

He added: "We are an honest and democratic party, therefore we would have liked to congratulate the candidate proclaimed by Congress as the president-elect. We can only accept him to conclude this transition process by taking our political realism to extreme limits following a process that lacked transparency or cleanliness."

Benitez Florentin reiterated that discrimination in favor of the Colorado Party was verified during the pre-electoral process. He mentioned the situation created by the issuance of identification cards and birth certificates, the indiscriminate use of state property, pressure on public employees, and the open interference of high military chiefs in the electoral process.

Rodriguez Declares Democratic Transition 'Completed'

PY0206210193 Asuncion ULTIMA HORA in Spanish 2 Jun 93 p 2

[Excerpt] Upon having their election victory unanimously proclaimed by Congress, President-elect Juan Carlos Wasmosy, Vice President-elect Angel Roberto Seifart, and Colorado Party legislators went to greet General Rodriguez at his residence in the Las Carmelitas neighborhood, to share with him the joy of the Colorado Party election victory, which has already been officially proclaimed.

In a brief message President Rodriguez said that he is pleased with how this process, which began on 3 February 1989, is concluding "in a brilliant manner, with a

ruling unanimously approved by the congressional commission and which was later unanimously approved by Congress."

He said that the democratic transition process has thus been completed, and said he was pleased to be handing the executive branch over to a Colorado Party civilian. He added that he would have been "very sad" had he been forced to hand over power to a non-Colorado candidate. Rodriguez said his only concern was to complete the transition process and for his successor to be a Colorado Party member.

Rodriguez admitted that the Colorado Party victory was due not only to the work of party leaders, but to that of Colorado Party peasants and workers who resorted to all means of transportation in order to vote on 9 May. [passage omitted]

Corruption Charge Involves Judge, General Oviedo

PY0106220293 Asuncion ABC COLOR in Spanish 1 Jun 93 p 13

[Report by correspondent Hector Guerin from Ciudad del Este]

[Excerpts] Outraged by extortion maneuvers, a Chinese businessmen (a naturalized Paraguayan citizen) recorded on videotape at his own residence a judge asking him for $40,000 to order the seizure of 400 boxes of counterfeit tennis shoes and the arrest of their alleged manufacturer, Carlos Perez Garay, who is the president of Cerro Cora Sports Club of Asuncion. The Chinese businessman had already paid $6,000 for the judge's order, but the operation failed because Perez Garay is a business partner of 1st Corps Commander General Lino Oviedo. The lawyers of the Chinese businessman disclosed this information to ABC COLOR on 31 May. The videotape, viewed by this correspondent, shows Alto Parana Criminal Court Judge Hugo Alberto Hermosilla saying that Gen. Oviedo had pressured him. The charge will be submitted to the Congressional Investigating Committee on Illegal Activities [CBII].

On 27 May businessman Liao Tai Lang, a naturalized Paraguayan citizen, met with local criminal judge Hugo Alberto Hermosilla at his residence at Km 5.5 of the highway into Ciudad del Este. Outraged by previous extortions, Liao Tai Lang decided to set a trap for the judge. He hid a video camara in the living room and recorded every detail of the conversation. [passage omitted]

During his conversation with the Chinese businessman, Judge Hermosilla warned him that the racket in counterfeit tennis shoes had the protection of many government officials, among whom he mentioned Apellate Court member Luis Appleyard; retired General Trifon Lopez Prado, the government delegate in Alto Parana Department; and lawyer Marcolo Ibarra Pereira, among others. [passage omitted]

The judge, who is now being charged with corruption, said during the videotaped meeting that he had been forced to anull his initial warrant for the arrest of the Cerro Cora Sports Club president because he had received a telephone call from Gen. Oviedo. "When he found out what was going on with his business partner he gave me a very hard time. He told me to go to hell and to anull the warrant," the judge said.

This was Hermosilla's attempt to justify his decision to anull the warrant without returning the $6,000 that the Chinese businessman had given him to expedite the lawsuit and have the counterfeit merchandise seized and Perez Garay arrested.

Without realizing that every word was being recorded, Hermosilla carelessly said that Gen. Oviedo had called him more than once, asking him to give Carlos Perez Garay three months to sell the merchandise that had been reported as counterfeit.

Judging from the video evidence that the businessman obtained through the cooperation of his lawyers Felix Celmidio Sosa and son Fernando, the judge had gone to see the Chinese businessman because he planned to extort $40,000 from him. The two lawyers announced yesterday that they will present the charges to the CBII.

The judge told the Chinese businessman that despite Gen. Oviedo's pressure he was willing to order Perez Garay's arrest and the seizure of the tennis shoes, but "in exchange for $40,000."

The "champion of justice" said: "I want to make it clear that I mean U.S. dollars and not Canadian dollars," emphasizing his monetary preference without realizing that there was a hidden camera around.

Judge Hermosilla told the Chinese businessman about the case of one of his fellow countrymen, Wu Lung Chuan. According to Hermosilla, Wu Lung Chuan offered him $100,000 to prevent the destruction of counterfeit tennis shoes. In the recording Hermosilla added that very influential people were involved in this business, mentioning Apellate Court member Luis Apleyard, Colman Rodriguez, and Gonzalo Alfonso [not further identified].

Hermosilla said that he had asked for $130,000, and that "$30,000 have already been paid to the government delegate, to Gen. Oviedo, and to Marcelo Ibarra. Of the $100,000 still to be paid I will get $40,000," he added.

On 7 April lawyer Marcelo Ibarra, who claimed to be the legal adviser for the Alto Parana government delegate and Gen. Oviedo, came to see Chang Chung Liang, a friend of businessman Liao Tai Lang. According to the recordings that Chang Chung has, the lawyer asked him to pay $50,000 in exchange for the protection which would be extended by Gen. Oviedo, the government delegate, and the judiciary branch.

Ibarra told Chang Chung that "the money is for Judge (Hugo Alberto) Hermosilla, the Apellate Court, and Gen.

Oviedo." Under the lawyer's pressure the Chinese businessman had no choice but to hand over $30,000 as an advance. Lawyer Ibarra signed a receipt for the money.

General Oviedo Denies Involvement in Corruption Case

PY0206220393 Asuncion ABC COLOR in Spanish 2 Jun 93 p 3

[Text] Celmiro Sosa, lawyer for the Chinese businessman who has accused Judge Hugo Alberto Hermosilla, has said that General Lino Cesar Oviedo himself, upon categorically denying any involvement with the case, told him to submit a denunciation to the Congressional Investigating Committee on Illegal Activities and to the press.

"As he was mentioned so many times by Judge Hermosilla and lawyer Marcelo Ibarra, supposed legal adviser to Hermosilla and Lopez Prado [executive branch delegate in Alto Parana Department], we asked him about this case. Gen. Oviedo said that he does not know any such individual. We informed him about everything that was happening, and he told us to make the denunciation," Sosa said.

Sosa said the general answered that he was sick and tired of his name being used by others. According to the lawyer, Oviedo said: "I ask you to make the denunciation. Submit it to everyone, to reporters, to the Congressional Investigating Committee."

Commission Formed To Amend Armed Forces Reform Bill

PY0206232993 Asuncion ABC COLOR in Spanish 1 Jun 93 p 12

[Text] According to a high-ranking source the chief executive has formed a special commission made up by high-ranking military officers and jurists, who are experts in military issues, to immediately begin studying the Armed Forces general organization bill and make the appropriate corrections and amendments. Given its "doctrinal and constitutional defects," the bill was withdrawn from Congress by the executive branch. The bill was drawn up at the Defense Ministry by a group of military leaders who "presented to President Rodriguez a bill that had not been throroughly studied or reviewed." The source indicated that "this is the only explanation" for the rejection of bill by ruling party and opposition legislators.

Members

According to the resolution issued by the executive branch, the special commission will be made up by Vice Admiral Eduardo Gonzalez Petit, the military forces commander; Division General Silvio Rafael Noguera, the logistic command commander; Army Commander Division General Pedro Concepcion de la Cruz Ocampos; Division General Rejis Anibal Romero, the military household chief of the presidency of the Republic; Division General Mario Rodolfo Escobar Anzoategui, chief of the Armed Forces General Staff; Division General Jose Cespedes Zarza, the Air Force commander; Rear Admiral Flavio Alcibiades Abadie Gaona, the Navy commander; Dr. Luis Alberto Real Riera, the legal adviser to the presidency of the Republic; and Military Courts Colonel Fausto Facetti Bruyn, a Military Supreme Court member.

20-Day Deadline

Other sources indicated that this commission will immediately and carefully study the aforementioned bill in order to adjust its provisions to military doctrine and to the spirit of the Constitution. This task must be carried out within no more than 20 days, after which it will again be presented to Congress. The possibility of establishing a joint command, instead of the post of commander of military forces, has not been ruled out.

The bill to be amended was presented by the executive branch to Congress a few weeks ago. Among other provisions, the bill provided for the establishment of the post of commander of military forces. President Rodriguez had appointed Vice Admiral Eduardo Gonzalez Petit to this post. During the last weekend the chief executive himself said that this decree would not be abolished. It is hoped that this commission will begin studying the bill at some point between today and tomorrow.

Argana Faction Leaders May Return To Colorado Party Board

PY0206132593 Asuncion ULTIMA HORA in Spanish 1 Jun 93 p 8

[Text] Dr. Oscar Facundo Ynsfran, who resigned from the Colorado Party executive board, has said that the return of the [Luis Maria] Argana faction members to the Colorado Party executive board is being discussed because the Colorado Party mainstream wants those who collectively left the executive board to return. Yet he said it is necessary to establish the goals behind their return to the executive board. Ynsfran added: "The point is to achieve party unity —party unity is always achieved when diversity of opinion is tolerated. The executive board must face national problems and Colorado Party problems. The electoral struggle is half concluded."

Ynsfran emphasized: "It would be worth knowing the positive side of their return, but surely those who have left are still reviewing this issue." He added that everything is possible in politics and admitted the possibility of their return " as long as there are conditions to achieve higher, and especially, clearer goals to benefit the country and the party."

Ynsfran said the party lacks unity. He noted: "There is a wonderful rank-and-file but a very heterogeneous leadership. Each has his own stance. Individual interests merely involve friends—always with a strong patronage pattern.

Ynsfran pointed out that the executive board must be reshuffled, that the ruling-party role must be played, and that it must become an important tool for our country's development.

Ynsfran challenged the excessive number of executive board members. He indicated that individual characteristics must be respected, bearing in mind the trends existing in the board. Concerning the possibility of returning to the party, Ynsfran admitted that "the mainstream needs us and we require space in order to better serve our country and our party. We all need each other." In his particular case, Ynsfran said he sets no conditions as he resigned separately from the Argana faction bloc." [no opening question marks as published]

Peru

Terrorists Arrested for Compulsory Strike Activities

PA3005202393 Lima Global de Television Network in Spanish 0100 GMT 29 May 93

[Text] On 28 May the National Counterterrorism Directorate presented six terrorists who were arrested during the recent compulsory strike, including five women. They were members of the political leadership in the eastern sector of Lima.

The first terrorist presented was Sara Rosana Vallejos Vasquez, 19, charged with participating in an attack on the police post in Market No. 2 on 14 May. Vallejos Vasquez, known as Comrade Estela, was political leader of Detachment No. 1 of the Prisoners Section of the People's Aid of Peru.

Vallejos Vasquez was followed by Marlene Quinto Collazos, who was arrested on 17 May with subversive material and explosive devices near the 28 July Market in La Victoria.

Another terrorist presented was Elizabet Ramos Pantavisa, or Comrade Andrea, who participated in a terrorist attack on a vehicle driven by a police officer. She was the political leader of the eastern zone committee of the People's Liberation Army and was injured with Comrade Elias during a clash with the police.

Other members of the group were Noemi Orfa Antunez Moreno, who participated in sabotage actions against various banking and commercial firms; and Guido Elias Vasquez Ruiz, or Comrade Elias, who participated in the burning of vehicles during the so-called compulsory strike. Vasquez Ruiz did not shout any words as his comrades did; he only smiled and threw his sandals up in the air before being taken away.

The last terrorist presented was Maria Teresa Perez Maldonado, captured on 17 May along with 12-year old minor Maria Isabel P.P.

CCD To Summon Military, Police Chiefs

PA2805181193 Lima Panamericana Television Network in Spanish 1200 GMT 25 May 93

[Text] On the evening of 24 May, the plenum of the Democratic Constituent Congress [CCD] approved the summons of military and police chiefs to testify before the ad hoc commission investigating La Cantuta case. Commanders general will represent their subordinates. This motion, which was approved by a majority vote, was presented by the official bloc. A report follows:

[Begin recording, unidentified reporter, in progress] ...week of debate no multiparty agreement was reached on the case of the soldiers reportedly involved in La Cantuta incident. The CCD approved an order of the day motion presented by New Majority-Change 90 and the Popular Agrarian Front of Peru preventing the Legislative Branch from conducting direct investigations of the officers involved in that case.

The debate was divided into two stands, one in favor of the majority motion and another in favor of a motion reaffirming the CCD's power to summon any Peruvian before a legislative commission.

Victor Joy Way presented the New Majority-Change 90 position. He said the presence of the soldiers before the investigative commission does constitute meddling with military justice, which is trying them for the disappearance of nine students and a professor at La Cantuta University on 16 July 1992. Congressman Joy Way pointed out the opposition's demand would affect the normal development of military justice.

Marta Chavez supported Joy Way's position and voiced confidence in the sentence the military court will hand down. She cited as examples the cases of Major Luis Morilla and Lieutenant Telmo Hurtado, who were sentenced for violating human rights.

Opposition congressmen demanded supervisory powers as granted by Article 180 of the Constitution. Celso Sotomarino and Antero Flores of the Popular Christian Party criticized the majority and maintained there is no such meddling. They claimed the opposition's motion seeks to not investigate La Cantuta case.

Gloria Helfer of the Democratic Left Movement recalled that Congress investigated 34 military and police officers because of the 1986 prison massacre, but no one rejected this or claimed there was any meddling in military justice.

Jorge Luis Donayre of the Democratic Coordinating Group said military justice cannot sentence those involved in the disappearance case because the military justice code does not include the crime of kidnapping.

He requested the elimination of the investigative commission and called on the 1995 Congress to supervise human rights autonomously. Renewal Movement representatives disagreed with the majority on this occasion. Francisco Tudela said he voted against the official motion.

The motion the CCD approved states that members of the Armed Forces, National Police, and national defense service personnel who are summoned before the investigative commission in charge of this case for disciplinary or national security reasons will be represented by their respective commanders general, police director general, and chiefs of member organizations of the corresponding national defense service. They will be obliged to appear before the investigative commission to reply to questions about their subordinates.

This order of the day motion extended by 20 days the deadline given to the commission to conclude its work. The motion was approved by 37 yea votes. The opposition left the room as the voting was taking place. New Majority member Cesar Fernandez Arce abstained. [end recording]

Fujimori Appoints New Presidency Secretary General

PA0206152593 Lima Global de Television Network in Spanish 0100 GMT 1 Jun 93

[Text] Mariela Guerinoni Romero is the new secretary general of the Presidency of the Republic. Her appointment was published on 31 May in EL PERUANO under Supreme Resolution No. 220-93 signed by President Alberto Fujimori and Fernando Vega Santa Gadea, the justice minister and acting president of the Council of Ministers.

Mariela Guerinoni Romero, whose public activity is unknown, replaces Alberto Lau Cabero, who resigned last week at the express request of President Fujimori because of his business connections with the Latin American Business Advisory Center.

CLAE Posts Refund Schedule, Clients Grow Uneasy

PA0106155593 Lima Panamericana Television Network in Spanish 1200 GMT 28 May 93

[Excerpt] An uneasy feeling is beginning to be felt among CLAE [Latin American Business Advisory Center] investors and lenders. Many await the reopening of CLAE to the public; gone is the feeling of togetherness of just a few days ago, in which everyone joined forces. The CLAE people have become somewhat divided. CLAE directors have meanwhile confirmed the reimbursement schedule that starts on 31 May.

Following the official announcement by the CLAE president that the CLAE will again resume operations on 31 May, some clients went to CLAE offices to take note of the repayment schedule. The list only shows 31 May, 2 April, and 4 April as pay days. CLAE spokesmen say that a schedule will be published covering each week.

This coming week's schedule is as follows: promissory notes that expired 15 April will be redeemed on 31 May, the ones that expired between 16-30 April will be redeemed on 2 June, and those that expired 1-2 May will be redeemed on 4 June. [passage omitted]

Uruguay

President Welcomes Brazil's Franco, Speaks on Mercosur

PY2805030693 Montevideo Radio El Espectador Network in Spanish 0000 GMT 28 May 93

[Text] President Luis Alberto Lacalle reaffirmed today his confidence that the Common Market of the South [Mercosur] will give impulse to development and will improve the standard of living of its four members. Argentina, Brazil, Paraguay, and Uruguay, the Mercosur members, are seeking a gradual reduction of tariffs for trade until they have an open market beginning 1 January 1995.

Upon welcoming Brazilian President Itamar Franco, who began an official visit to our country this morning, President Lacalle said that in the last few months some doubt has emerged among the Mercosur members about meeting the deadline for its implementation. Therefore, businessmen and exporters have demanded a pause in the process. Mercosur is a great enterprise that reflects the spirit of integration that has prevailed in our countries for years and will allow the development of the best interests of its four members, and the improvement of the standard of living of our people.

Lacalle added that the merit of the presidents of the Mercosur countries was to start this integration process and to give continuity to prior achievements. He said that with Brazil we have the will to make progress for mutual benefit, and that the meetings among the presidents are an opportunity for strengthening links and overcoming problems.

[Begin Lacalle recording] The creation of the Mercosur is seen by our country as an opportunity for strengthening our economic potential in order to improve the standard of living of the people of the River Plate Basin. In a world where countries associate themselves to seek similar objectives, we commit ouserselves to be members of this great enterprise looking for the best interests of the four associated countries because this is how we will strengthen our respective economies.

The spirit of integration has been among our nations for years. Recent proof of this is the signing of the transportation treaty of the Parana-Paraguay riverway, and the Caceres and Nueva Palmira Ports, which link the five River Plate basin countries. Its prompt ratification and

implementation will articulate one of the largest riverways of the world as the best way for communications and transportation.

Regarding bilateral relations, we know that the strengthening of commercial links and the elimination of obstacles to trade are the permanent concern of the two governments. Our relationship with Brazil is a first priority for the economy of our country. Our exporters know that and this has also been proven by the Uruguayans who import from Brazil capital goods, machinery, and vehicles, which join our daily life in all types of activity.

But there are greater enterprises which we also support. I am referring, for example, to the design and construction of the great highway network of South America which will link Brazil, Uruguay and Argentina, and which will become the backbone for development, communications, and port services in our region. The Uruguay river which gave its name to our fatherland links us geographically with other countries. It is the will of the Uruguayan Government to study in detail its navigation capabilities through the removal of obstacles in order to make this waterway another element for our economic and social relationship. [end recording]

Policemen, Workers Injured in 27 May Rioting

PY2905034193 Buenos Aires TELAM in Spanish 1430 GMT 28 May 93

[Text] Montevideo, 28 May (TELAM-SNI)—Uruguayan authorities have reported that five policemen and four workers were seriously injured as a result of rioting that broke out during the evening of 27 May between strikers and the Uruguayan police.

This has been the most serious public disturbance since democracy was reestablished in Uruguay in 1985 following 12 years of military rule.

The grave incidents that took place yesterday evening outside the Congress building between policemen and construction workers, and which resulted in scores of injured and more than 100 people arrested, hit the headlines of Montevideo newspapers today.

The incidents broke out just as Brazilian President Itamar Franco, who has been making a state visit to Uruguay since yesterday, was making for the Congress building with his entourage.

Newspapers point out that the car in which Franco rode had to accelerate sharply to avoid being caught between the two sides.

Construction workers, who are out on strike for higher pay, decided to stage a rally yesterday in front of the Congress building.

According to a dispatch from the German news agency DPA, a large detachment of mounted guards specially trained to quell riots had been placed in the vicinity of Congress. Clashes quickly ensued, and were forcibly put down by the police.

According to a police report released this morning approximately 50 injured people had been rushed to three Montevideo hospitals; the most serious cases involved five policemen and four workers.

Army Commander in Chief Discusses Armed Forces' Role

PY2905143293 Montevideo BUSQUEDA in Spanish 20 May 93 p 7

[Excerpts] Army Commander in Chief [Lieutenant General] Juan Modesto Rebollo has endorsed an executive branch proposal to authorize the participation of the Armed Forces (FF.AA.) in the protection of public order under special circumstances. He noted, however, that this "is in no way tantamount to replacing the police forces in discharging their specific duties."

In a speech delivered to mark "Army Day," Rebollo warned on 18 May about the "revival (...) of the advocates of armed struggle" to seize power. He pointed out that "narcoterrorism's threat" to continental and regional security "will deserve special attention" in the Army's future duties.

Rebollo emphasized the salary improvements approved for [military] personnel "despite the financial problems" troubling our country. He also noted: "There are still some obdurate people whose unending and insane antagonism does not allow them to see the Army serving our country (...) actively cooperating in national activities."

"Army Day" celebrations were headed by President Luis Alberto Lacalle. Present were ministers, military leaders, and Blanco Party and Colorado Party legislators. Broad Front and New Space leaders as well as representatives from the Montevideo municipality failed to attend the celebrations. Distinguished military regime members were among the public and at the review stands.

Army Is Necessary

Rebollo supported our country's necessity of having an Army [capable of handling] "the number and level of conflicts spread on all continents, the destabilization existing in the new countries that changes old structures and ideologies, insane nationalisms, the revival of discriminatory sentiments that we believed had been overcome, terrorism and international drug trafficking, and the revival of the advocates of armed struggle as a way to assume power—even in our country."

Later, Rebollo pointed out that Army wages' downward trend was successfully reversed with the introduction of "a new wage policy concept that recognizes the military personnel's particular statute situation and implements the full-time system."

Rebollo emphasized that the government "has been receptive" to the military leadership's concern about the necessity of having a legal framework that will protect military personnel who act to protect domestic order "under special circumstances."

Rebollo added that this concern "is in no way aimed at replacing the police forces in their specific duties," but "only intends to have legal guarantees for military personnel in those circumstances in which the seriousness of the situation indicates to the military leadership the necessity of cooperating with those legally entitled to act in the case of disruption of public order." [passage omitted]

Rebollo also discussed an order issued by Lacalle asking the FF.AA. to make a critical review of the use of their human and material resources. He said: "Considering the specific duties and the invariable values to be protected, it is necessary to review how they are affected by the new world power schemes and the new regional situation, formulate consistent conflict and conventional and nonconventional warfare models, review the doctrine to confront them, and, finally, revamp, if necessary, their organization, equipment, and training to handle the new tasks that may arise." [passage omitted]

Armed Forces Restructuring Viewed

PY2905150593 Montevideo LA MANANA in Spanish 21 May 93 pp 4, 5

[Text] The Armed Forces restructuring ordered by the Executive Branch is a complex issue that currently has the Armed Forces' commands' full and undivided attention. There are different approaches regarding the concrete possibilities of accomplishing such restructuring in the short run in light of the lack of necessary financial resources to provide the Armed Forces with the necessary modern equipment. Likewise, there is some concern among the Armed Forces' respective commands about social and geopolitical aspects. They are of the opinion that at present it is neither fitting nor advisable to rely on only one strategic policy or to owe total allegiance to certain world powers, especially given the changing political situation currently confronting us.

According to lengthy conversations LA MANANA newspaper had with some sectors of military commands and to reports gathered from other groups at the Defense Ministry and the executive branch, another subject under consideration is the implications of radical political changes in the world after the crumbling of the Soviet Union and communism. Experts have no doubts whatsoever that this has had a tremendous impact on our Armed Forces.

"The cold war" and the "East-West dichotomy" no longer exist; people are starting to talk again about the "North-South" hegemony that "seeks to keep countries such as Uruguay in total alignment with the North."

Information obtained by LA MANANA from some military commands raises a query not only about how our Armed Forces should be equipped but also about their "philosophy of action now that conventional warfare is thought to be a thing of the past. Moreover, professional ethics and morals should necessarily be included in this new model."

Military spokesmen confirmed their unwavering position on not permitting "their being used as border policemen or substitutes for the police. Never, and under no circumstances, will we act as such. This is the reason why we have demanded that we be allowed to participate in an appropriate legal framework when the executive branch so decides it. The draft bill of this legal statute, which is currently under discussion in Congress, will give reassurance to the soldier who obeys orders and to the officer who gives orders, while giving citizens all the necessary guarantees. Moreover, institutions themselves will be preserved."

Restructuring Cost

Having confirmed that the Armed Forces have a clear understanding of the need to streamline the Armed Forces and of the country's current economic situation, the aforementioned spokesmen said: "We are well aware of what our real needs are. If we were to ask for a brigade with great firing and deployment speed capabilities in order to be able to go wherever and whenever it is necessary, or for safe communications, supplies, and modern equipment, it is obvious that would entail an appropriation of $1 million or $2 million. We are also well aware of what the country's economic situation is and of what priorities the country has concerning social programs because we live the problems of our soldiers, who are also part of the people. Therefore, what are we supposed to do? It is precisely because we are trying to find an answer to this question that we are behind schedule regarding the report President Luis Alberto Lacalle asked commanders and generals to draft during a meeting at the Defense Ministry's 'Ramon Trabal' hall during which Lacalle, in his capacity as 'Armed Forces commander in chief,' explained the significance of his order."

Our sources are absolutely positive they will be able to meet the 1 June deadline to hand in the report to Defense Minister Mariano Brito because they contend that "we are willing to carry out that order. As we are talking about professional papers done by the Armed Forces' three branches, there are reports that, put one on top of the other, are several meters high and weigh several hundred kilograms."

Notwithstanding this, they do not doubt that "the prevailing status quo both in our country and worldwide demands different timing and a more finely drawn approach that incorporates the deep changes occurring in regional, hemispheric, and world geopolitics, new country blocs' clout, and the ongoing realignment." They cite by way of example the stance adopted by China,

Japan, and their Southeast Asian partners, which constitute a growing economic power.

Pinochet Showed His Influence During His Visit

The spokesmen said that a recent episode involving General Augusto Pinochet, the Chilean Army commander, provoked adverse reactions but confirmed the unity of the Latin American armed forces. There is unity, they said, concerning all professional aspects, although each country maintains its "specific characteristics." Unity is particularly significant when it comes to "fluid relations and the exchange of hot information on world events, as well as to related movements and measures," one spokesman added.

Based on these specific elements, they said, it can be conclusively stated that "Gen. Pinochet carries much weight among all Latin American armies. He also is respected because he upholds a geopolitical position that we support to a large extent in light of it being in keeping with our deepest patriotic feelings that came into being with the fatherland and with our hero, General Jose Artigas." They openly admitted, however, that they are aware that Pinochet's figure and geopolitical position are not welcome in political sectors.

The PRC and Pinochet

The sources said that as they are releasing this document, Gen. Pinochet is visiting the PRC to give lectures on geopolitical topics to senior PRC Army officers. They also commented on the turnaround taking place in the world after the disappearance of the Soviet Union and the retreat of communism.

Pinochet states that "large territories give security and protection to a state even against the most modern, destructive weapons. A vast territory is an extraordinary weapon, although only for defensive purposes. We cannot overlook, however, the role of human settlements because these give greater strength to a territory." They said this idea has been endorsed by many military analysts and strategists, especially regarding nuclear weapons. They also referred to Pinochet's geopolitical classification of states by their size—dwarf, small, average, and large. They said that a study by Pinochet states that "dwarf states are not capable of defending their territory and are tolerated in light of their lack of power—that is, firepower—and they usually survive under the protective hand of a stronger neighbor." They stated that this is a true doctrine that, in this specific aspect, in no way merits their support.

130 000 Officers Graduate Annually From Chinese Military Schools

The military spokesmen gave surprising facts about the PRC, although no one is overlooking that one-fourth [as published] of the world's population, that is, 1 billion people live there.

A little more than 130,000 officers from the three branches graduate every year from the more than 100 officers' training schools in China. One spokesman said: "This gives us an idea of how powerful the PRC Army is and how this fact is consistent with Pinochet's theory about territorial vastness. It is therefore easy to understand why Pinochet was invited to visit China. In the Chinese case, the population is widely spread out throughout its huge territory, there is no megalopolis, and the national government is not concentrated in a capital city alone. Thus, China is less vulnerable to attacks with modern weapons. This also gives us the idea that China is undoubtedly a powerful nation."

Furthermore, they also made comments about the fact that the Chinese economy "is steadily growing without the social costs" observed in other Asian countries, especially in Southeast Asia, that are closer to Japan, the economic power that invests in those countries. They added that "a development boost is apparently in the making in China that, according to authoritative international observers, will bring about far-reaching changes in the short term in the world economy."

The MDN [National Defense Minister] Public Relations Chief Visits China

At this point, and after admitting that Colonel Washington Mazzullo, head of the MDN Public Relations Department, is visiting China, specially invited, and he will remain there a whole three months (he left for that country 20 days ago), they declined to comment on the reasons for his stay there. However, it was leaked that Mazzullo will attend special general staff training courses. This visit follows the official visit paid recently by Vice President Gonzalo Aguirre, Foreign Minister Sergio Abreu, and Defense Minister Mariano Brito, during which grounds were established to explore the possibilities of "directed" trade that might include Chinese weapons in the negotiable "package."

The officers told us: "Our country keeps close track of all these subjects and many studies that prove this are being carried out by the Military Institute of Superior Studies, IMES; the strategic General Staff; and the Defense Ministry intelligence service.

The Armed Forces' Reform

According to what they hinted, the Armed Forces' reform will be based on these "multiple and deep-rooted studies." This reform is not restricted to the specific military task but rather "encompasses many social areas where the presence of our barracks, troops, and services allow the development of social projects with the participation of neighbors who would otherwise be deprived of health and dental, as well as other preventive services, also contributing, to a great extent, to improving the nutrition of needy people. This is the silent task performed by the Armed Forces, which are capable of improving and doing it in a more thorough manner as soon as the people become aware of the true line of thought of the Armed Forces and its soldiers, who are

always willing to serve wherever they are called to do so and for the community's well-being."

As we already have stated, the Armed Forces' reform means adjusting it to the available economic resources and, more than anything, to the new international framework that has been disrupted by the change the relationship between the great blocs has experienced and, namely, "because we regard a war with unforeseeable consequences as almost probable, like a commercial war between the great powers that could start as a result of the lack of a commercial agreement between the United States and the EC, and among these powers and Japan. This, undoubtedly, is also part of the new geopolitical situation.

Article Views Improved Economic Performance

PY2905131693 Montevideo BUSQUEDA in Spanish 20 May 93 p 22

[Jorge Caumont article: "The Crisis That is Not"]

[Text] Just as many analysts predicted some months ago, the discontent with the economic performance has worsened considerably since last December's referendum. If on that occasion the effect of the political opposition was essential to the referendum's result, now—and without many explanations for an objective observer of our reality—the rejection of the government economic policy seems to have definitively gained strength.

The information we have available about our economic performance shows unusual results for a country like Uruguay. But again the political evaluation does not want to accept what the figures are demonstrating, thus creating a feeling of crisis and pessimism that is not in keeping with the objective figures of reality.

Everyday we hear about an alleged economic crisis that is the result of the economic policy's unpopularity. Without forgetting that the economic policy is unpopular because deep economic transformations like those in Argentina, Mexico, and mainly Chile cannot be carried out, the general feeling about the results of the economic policy is that it is necessary to change it. However, better alternatives are not known. We ought to think they exist—as much as many critical groups there exist—and we can be sure that out of respect for history they do not include proposals to resume controls, tighten regulations, or return to protectionism. If the deregulation, privatization, and a less-centralist scope oriented to discover the advantages of the individuals' economic freedom also are not sought, then what is the proposal? We will have this doubt until March 1995 when the new government feels on its own flesh what it is to administer the economy when it must adjust itself to cutting expenditures the opposition will continue to overlook.

On average, during the past 12 months through February, the real salary in the economic sector increased 6.7 percent while during the previous 1990-1991 period it increased only 5 percent. During those periods, the public sector's real salary grew 3.2 percent and 1.4 percent while the private sector's salary increased 8.9 percent and 7.3 percent, respectively. In dollars the increases were substantially greater: From March 1992 through March 1993 the overall salary increased 14.7 percent compared with the 1990-1991 period, when it grew an average 22.8 percent.

In the past, retired workers reflected the lack of funds in the Social Welfare Bank and the National Treasury. After the 1989 constitutional amendment, this obstacle no longer exists so the figures are being adjusted arbitrarily, incorporating not only past inflation but also workers' productivity increases. Significant growth has taken place since then, much higher than the variation in the consumer price index.

If we also consider that total consumption in the country grew 13.1 percent in real terms in 1992 after a 6.3 percent increase in 1991—real private consumption increased 14.5 percent in 1992 while government consumption increased 5.2 percent—and if to this we add that economic activity increased 10.8 percent in 1993 compared with 1991, when economic activity increased 5.9 percent more than in 1990, we are facing some results that, as have been indicated, are remarkably unusual—because they are very good—for the Uruguayan economy. These results are hard to find even in other developing economies or industrialized countries.

It would be redundant to point out that greater consumption by a population—private consumption—should reflect greater well- being; after all, no one consumes to feel less satisfied than before. Besides, a double-digit increase like the one just mentioned must necessarily be reflected in an important change in the level of general well-being.

That information alone—which objectively reflects unquestionable facts—entitles a government to have more support from its people. Therefore, this means that other forces must be conditioning the population's attitude, which is resistant to changes that may lead to a better standard of living.

The aforementioned figures do not mean that all sectors are improving their economic performance or standard of living. Although the increase in economic activity benefits most sectors, the improvement is not equal for everyone and even overlooks some groups.

Those groups that are behind and have not benefited from the salary level increases in the past two years are probably the less- qualified workers and those who depend on a budget restriction increasingly curtailed by the obligation to take into consideration the income of retired workers. In both cases we are talking of the less productive sectors of the economy, whose problems will hardly be solved without hurting the income of many other workers.

In turn, the sectors that do not benefit from greater economic activity are sectors that are tending to die, and

that in some cases already have finished their life cycle and have been, to a great extent, protected by protective customs tariffs that have caused so much harm to consumers and exporters, or even sectors whose production demand is dropping over time. Economic reconversion or the improvement of the overall productivity in these sectors, in both cases through investments, are the probable ways that would allow them to participate in the improvements we mentioned.

The application of any economic policy implies that there will be some winners and some losers. With other objective figures comparable to those mentioned above, despite the general perception of the economic policy, the results of the current economic policy are so far relatively good and the losers are not a majority.

Venezuela

Acting President Front Runner Requests 'Special Powers'

PA0206195293 Madrid EFE in Spanish 1744 GMT 2 Jun 93

[By Marcel Roo]

[Text] Caracas, 2 Jun (EFE)—Ruling party Senator Ramon J. Velasquez, 77, on 2 June agreed to serve as acting president of Venezuela if the Congress of the Republic grants him special powers to rule. "I would only assume the presidency if a Special Powers Law [Ley Habilitante] is issued," said Velasquez on 2 June after admitting the ruling Democratic Party (AD) and the Social Christian Party (Copei), which is the main opposition party, offered him the presidency in the absence of Carlos Andres Perez, who is facing trial for alleged corruption. The Special Powers Law is a law by which Congress will authorize the president to rule by decree on priority matters.

Velasquez, who is an independent senator of the AD parliamentary bloc, said that without those special powers "the country could perish in the next eight months," all that remains of the constitutional period that expires in February 1994.

The virtual chief of state said that during his administration he would implement recommendations that a group of individuals presented to President Carlos Andres Perez after the 4 February 1992 military coup attempt. Perez did not implement them. Those individuals were members of a Consultative Council headed by Velasquez that urged Perez to reform the Constitution, eradicate corruption, purge the Judicial Branch, upgrade public services, and develop an anti-inflationary policy to bring about economic recovery.

Velasquez is respected by all political circles but the possibility of a "super powerful" government and the way in which he will be designated acting president have generated conflicts. Leaders, such as former President Rafael Caldera and former AD President Humberto Celli, recalled that Venezuela has never benefited from rule by decree.

The 2 June editorial of EL DIARIO DE CARACAS states that in 1974 President Carlos Andres Perez, during his first administration, was invested with special powers and he "indebted the country beyond its ability to pay." Movement Toward Socialism, the country's third political force, criticized the agreement reached by AD and Copei to appoint Velasquez president without consulting the rest of the nation.

Commentators pointed out the AD and Copei will grant special powers to the acting president "out of political convenience" because the new chief of state will have to adopt unpopular measures while the parties "will wash their hands."

The AD and Copei think that the interim government must increase the price of gasoline, approve tax laws including a value added tax, and approve a new indebtedness law in an attempt to reduce the fiscal deficit that is over $3 billion.

The transition period the acting president will face will not be an easy one and Velasquez, who is a lawyer, journalist, and contemporary history expert, is aware this. "These eight months of interim presidency are tantamount to five years of constitutional government" because many fiscal "demands and conflicts" will have to be settled, Velasquez added.

The acting president will be sworn in on 4 June and his mandate, if there is no sentence in Perez' trial this year, will last until February 1994 when a new president elected in the December elections will be installed.

MEP Proclaims Rafael Caldera Presidential Candidate

PA0106153693 Caracas Venezolana de Television Network in Spanish 0000 GMT 30 May 93

[Report by Melissa Soto]

[Text] Dr. Rafael Caldera was proclaimed presidential candidate of the People's Electoral Movement, MEP, at the end of the eighth annual assembly of that political organization.

MEP Secretary General Adelso Gonzalez Urdaneta said that the meeting was attended by more than 1,000 delegates, including independents and representatives of other political currents. On this occasion, the MEP delegates were supposed to elect the candidate that will represent them in the coming elections. Rafael Caldera was the only candidate of consensus and was the only candidate proposed formally.

[Begin recording Gonzalez] The eighth MEP assembly has elected Dr. Rafael Caldera as MEP presidential candidate, given his announced policy of vast national

unity. Caldera's candidacy will undoubtedly be successful and greatly beneficial for Venezuela, which is submissive at the current moment. [end recording]

Another important resolution issued at the meeting stated support of the governors of the different states in decentralization tasks and gave a vote of confidence to Rudesindo Oberto, president elect of the assembly, for his efforts in obtaining the signing of the teachers' collective contract. Afterward, a commission of the MEP announced its decision and began talks concerning Caldera's candidacy.

Lepage, Senators Discuss Fiscal Deficit, Budget Measures

PA0206225893 Caracas Venezolana de Television Network in Spanish 1550 GMT 1 Jun 93

[Report by Daniel Lombana]

[Text] Acting President Octavio Lepage has met with senators at Miraflores Palace where they exchanged views about the possibility of reaching a quick decision with regard to the fiscal deficit and budgetary measures.

Aristides Beaujon, senator and member of the Social Christian Party [Copei], reported on the meeting, explaining that in the face of his upcoming return to Congress, President Lepage wanted to learn about the progress made on a group of laws that are being discussed at the legislature.

[Begin Beaujon recording] We talked about the need to approve the fiscal laws the country demands. Venezuela's economy demands these laws and we have been discussing this matter with him. It is possible that the leaders of party factions in the Senate will come to an agreement between 31 May and 1 June. They will agree on the possibility of a special powers law but only as long as there are limits and conditions for it. We do not want it approved in a general way as was done in the past. [end recording]

Copei Senator Edgar Flores talked about the possibility of a special powers law to approve tax reform, adding that he disagrees with it.

[Begin Flores recording] I think that the rules of the game must be very clear. We must respect these rules. We must know what we really want to do. We must sit and discuss urgent matters, as we have been doing at Congress all these years. We must review viewpoints concerning tax matters, which is the controversial issue, particularly the general sales tax, the tax on business assets, and the possibility of amending the income tax law. All this must be done to see how these taxes will be handled, especially with regard to the oil sector, the Venezuelan Petroleum enterprise. We want to see the advantages of a new financial law, especially regarding the law on banks, which seems to be the only bill that is not making progress in the Finance Commission. [end recording]

Senator Flores also referred to military promotions, a delicate issue. He said that the final decision, constitutionally speaking, rests in the hands of the acting president.

Business Leader Comments on Economic Policy

PA0306004093 Caracas Venezolana de Television Network in Spanish 1550 GMT 28 May 93

[Interview with Berend Roosen, president of the National Council of Commerce and Services, Consecomercio, by unidentified reporter —live]

[Text] [Reporter] Here with us is Berend Roosen, president of the National Council of Commerce and Services [Consecomercio], to discuss the country's political and economic situation and Consecomercio's position. Good afternoon, Dr. Roosen.

[Roosen] Good afternoon.

[Reporter] I want to read a brief paragraph from a Consecomercio statement issued a few days ago. You said it is counterproductive to demand that the acting president take the responsibility of radically shifting the government's economic activities. What do you mean by this?

[Roosen] In previous statements noted we have participated in and supported the program adopted in 1989, where the commercial and industrial sectors accepted economic opening and transformation. I think we now need some other laws to back the program so we can feel the positive impact of everything we have done. To roll back what we have done would really mean disregarding the sacrifice the people have made in the past four years or even the high inflation rate, which is one of the problems we have been able to control. All of this rests on the deficit, since everybody has heard the fiscal deficit is the cause of the inflation rate.

[Reporter] In other words, the Supreme Court of Justice decision the does not pass judgment on the government's economic policy.

[Roosen] We are also saying that President Perez, not his policies, is on trial. I think many presidential candidates for the December elections have stated the economic program will be maintained to a large extent if not totally. The only thing pending is the approval of certain laws that are backlogged in Congress. These laws are important so we can move and not get stalled, since right now we are somewhat at a standstill.

[Reporter] Are you giving this warning because you have grounds to believe the economic policy may change with the new president?

[Roosen] Right now, we have doubts because we do not know how long will Acting President Octavio Lepage remain in office or who will be named president to serve the rest of the presidential mandate until February. The important thing is that many programs, even our integration with Colombia, Chile, and other countries, are based on the current economic program or model. We

would not be ready to accept controls in the exchange rate or price controls, as this would be a real setback.

[Reporter] I suppose you have discussed this problem with the economy minister. What have you told him and what have the ministers told you?

[Roosen] The interesting thing about your question is that the ministers are somewhat on the lookout since they do not really know what will happen. They are concerned.... [pauses] They agree we should be supporting the current model. We must enact major laws, such as the reforms to the privatization law, fiscal and financial laws, and others that are waiting in the Congress. It is very important to complete the program so the country can bring it to a successful conclusion at the end of the year.

[Reporter] Talking about these laws, Consecomercio does not refer to the tax laws in the statement I mentioned earlier. Does this mean you disagree with the general sales tax or the tax on business assets?

[Roosen] We left that out because we issued the final document after a meeting we held with the president on 26 May. This does not mean we do not support it, because we agreed on a very clear value added tax, as it was originally proposed two years ago. In view of the way the economy is behaving, chiefly the industrial plant, the high interest rates, talking of a tax on assets requires great care. I really do not see how industries or commerce can pay this sort of tax.

[Reporter] The ministers have repeatedly said, however, that these laws are necessary to overcome the fiscal deficit.

[Roosen] That is true. I believe the laws are necessary. We agreed with how the bill was approved two and one-half years ago. It was accompanied by a law for a tax on assets, which disappeared in time, and all that remained was the value added tax. We agreed with the proposals that were made and with the way the policy was to be implemented. We even told the ministry at that time that the proposals should be implemented. We told the ministry the proposals should be implemented, not only with importers and wholesalers, but the entire program should be fulfilled.

Big changes have taken place since then and the high interest rates that have remained have badly hurt many businesses. I believe the implementation of this tax on assets has to be done with great care. In addition, the value added tax would not be implemented this year. The approval of the value added tax could be approved this year, but its implementation would take place in 1994. Resources need to be found, but they need not come from the tax on assets. I also believe the adjustment to the price of gasoline is very important.

[Reporter] Speaking about gasoline prices, this measure may be necessary, but it is unpopular. Don't you believe that under these conditions, in this transition stage, it would be a little unwise to take a difficult measure such as this?

[Roosen] I believe the word unpopular should not really be applied here. If we talk about our mass transit, 80 percent of it runs on diesel fuel and not on gasoline. Secondly, we are not talking about an increase in the price of low octane fuel, but on high octane fuel, which is used by the more affluent population. In other words, this will also create a subsidy and the country's oil industry has mentioned in the past few years that gasoline production leads to an annual loss of nearly 80 billion bolivares.

In addition, gasoline stations that sell fuel to the public have asked for more breathing room because they are hit by inflation. Industry cannot give them that because it has sustained huge losses. As for our prices, with regard to neighboring countries, as in the case of Colombia, we are really selling our fuel one-third of what they are selling theirs. We sell our fuel at 5.85 bolivares and Colombia is selling it at over 20.89, I believe. It is a table that has even been published in the media. This table showed fuel prices in all Latin American countries and what we are paying here is extremely low. We also have a fuel leak problem because of contraband.

As for mass transit, the increase in costs should be no more than 4 percent. If we continue to postpone this measure, the next government will have to take more drastic measures with regard to gasoline price adjustments.

[Reporter] The government will have greater support because of the people's vote. Those who vote for that new government should understand a measure of this type. Don't you think so?

[Roosen] I agree with you, but if all sectors in the country reached an agreement on an acting president to lead us until February 1994, there would be support. Knowing about the problems the treasury currently faces, the formula will evidently have to make this adjustment, which would not be compulsory because we are talking about a scale of 0.50 bolivares per month until we gradually reach a price in keeping with the overall reality of what gasoline prices are on the world economy.

[Reporter] Some say the business sector is always asking the political sector and the population to make efforts, but the business sector does not let us see its contributions to this difficult stage. What do you think about this? I could talk about profiteering. What measures is the business sector taking to fight profiteering?

[Roosen] We have brought about the necessary changes to go from a closed economy, where prices were held under control, to an open, competitive, and quality economy. It is necessary to pass a number of laws that can really help this process. We have the case of the consumer protection law, which is an instrument given to the population so that it can really exercise its rights. Consumer behavior is important. The consumer should be better educated in this regard. He needs to know how to better choose his products. The profiteering problem has to be linked to the problem of high inflation and interest rates, which directly adversely affect prices. Prices change very quickly. When people see prices change, they think it is the result of inflation, but this is not necessarily the case.

[Reporter] We thank Dr. Roosen for participating in this interview.